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ABSTRACT

This is the first of five volumes containing 91 studies conducted to clarify the relationship between nonprofit institutions and their donors, to provide impetus for ongoing research, and to focus public attention on the significance of the voluntary sector. Coordinated by the Commission on Private Philanthropy and Public Needs, the studies review philanthropic giving, the wide range of philanthropic activities provided to our society, and the role of government in relation to philanthropy. Scope covers areas of health, education, welfare, religion, social action, culture, community action, and public policy. The first part of Volume I contains a report which gives a technical explanation of the Commission's recommendations and discusses ways of implementing them. The 13 recommendations concern broadening the base and improving the processes of philanthropic giving and activities. Nine papers in the second part of Volume I present historical perspectives and analyses of various aspects of private giving. These include magnitude and sources of private giving, allocation of private funds, impact of inflation on giving, extent of volunteer activity, and employment and earnings data. (Author/AV)

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Research Papers

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The Commission on Private Philanthropy
and Public Needs

Volume I

History, Trends, and Current Magnitudes

SO 010 282

Department of the Treasury
1977

COMMISSION ON PRIVATE PHILANTHROPY AND PUBLIC NEEDS

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PREFACE

The contours of inquiry for the body of research which appears in these volumes was first shaped at a meeting held at the Brookings Institution on August 13, 1973. John D. Rockefeller 3rd, who initiated the meeting, had observed during the course of congressional discussions leading to the Tax Reform Act of 1969 that public opinion respecting nonprofit institutions and their donors was not, in tax terms at least, universally benign. It was also evident to Rockefeller and others that too often judgments in the area were being made intuitively without benefit of any reliable empirical data base.

The studies contained in these volumes were launched to remedy these concerns, to provide impetus for ongoing research, and generally to focus public attention on the significance and importance of the voluntary sector. By inquiring into its social content as well as the extent to which the tax laws and other sources contribute to the amount and direction of its support, the roots of the sector could be examined, and its strength enhanced, all to the benefit of the American society.

Significant encouragement for the effort was provided by the Chairman in 1973 of the House Ways and Means Committee, Wilbur D. Mills, and Secretary of the Treasury at that time, George P. Schultz. William E. Simon, the Deputy Secretary for the Treasury when the study commenced and later Secretary, recognized and enthusiastically endorsed the effort from its inception until its completion.

In agreeing to head the Commission, John H. Filer, Chairman of Aetna Life and Casualty Company, sought persons as members who would bring to the Commission a diversity of views and a range of experiences which would encompass the mainstream of American society. Ultimately, 31 people served as members of the Commission from October 31, 1973, the date of the Commission's first meeting, until December 6, 1975, the day on which the Commission's report and recommendations were personally delivered on Capitol Hill by Secretary Simon, Chairman Al Ullman, and Chairman Russell Long.

The material contained in these volumes, refined and edited for publication, served as the principal research resource for the Commission's deliberations.

The Commission held 12 plenary meetings in six cities for periods ranging from one to three days. In accordance with a program adopted by the Commission, an agenda of issues was first developed by the Commission Staff and a Research Review Committee of the Commission was then appointed to consider and approve the subjects which now appear in these volumes.

The initial meetings of the Commission were devoted to the presentation of the factual and other research material which had been developed by the authors within the context of the subject area to which they had been assigned. In most cases the author of the paper set forth his views in person at a Commission meeting to ventilate differing points of view respecting the subject area and also to respond to Commission queries and to affirm the direction of research which he was then undertaking.

In developing the topics for research, and in identifying authors to perform the studies, every effort was made to present to the Commission, and to preserve for public review and discussion, a balanced consideration of the topics. A review of the papers will, we believe, verify that this objective has been achieved. Because the papers represent the views of the individual authors, or the findings of those undertaking empirical research, we take no responsibility for the points of view that are expressed. Further, while every effort was made to assure the selection of highly qualified experts, we recognize that, as with every collection of research, the quality and depth of the inquiries necessarily varies.

The "Staff Summary" of the Commission's recommendations represents an effort to articulate, as if for legislation or other implementation, technical aspects of the Commission's recommendations. Through the footnotes to the Staff Summary, readers may also relate the research compilation to the recommendations.

The "Report of the Donee Group," the second document in the compilation, contains the recommendations of persons, who, with Commission funding, sought to identify areas of concern or points of view which were not, it was stated, adequately treated elsewhere in the Commission's program of research.

To aid in the focus of its inquiries, the Commission had available the services of four special consultants with backgrounds in tax policy, government organization, social policy, and foundation activities – Paul N. Ylvisaker, Adam Yarmolinsky, Stanley S. Surrey, and Ralph L. Nelson. Three of my colleagues served as Commission staff, Robert E. Falb, Stuart M. Lewis, and Jerry J. McCoy. Assistance was sought and generously provided by Howard A. Bolton and Porter McKeever, associates of John D. Rockefeller 3rd, and by E. B. Knauft, associate of John H. Filer. The services of these people as well as those of the Commission's Research Director, Gabriel Rudney; Executive Assistant, Jeanne Moore; the principal author of the Commission report, Wade Greene; and the editor of the research papers, Judith G. Smith, were an indispensable part of this entire effort.

The six-volume publication of the research papers is a collaborative effort by the Commission and the U.S. Treasury Department to make the Commission studies readily available to the public. Special thanks go to John F. Flood, Jr., Printing Operations Manager of the Treasury, for his work in bringing the research papers to publication.

Finally, the undersigned offers heartfelt thanks to the Commission Chairman, its membership, its staff and associates, and particularly to John D. Rockefeller 3rd, without all of whom neither the Commission report nor these volumes would have been a reality.

LEONARD L. SILVERSTEIN
Executive Director

FOREWORD

The Commission on Private Philanthropy and Public Needs issued its report and recommendations, *Giving in America*, in December 1975. When it began its deliberations in 1973, the Commission did not have to be convinced of the essential role of private philanthropy in our society. To assist it in defining issues and considering solutions, the Commission sought information, analysis, and opinions on the function of private philanthropy in our society and its relationship to government. The papers in this publication, prepared during the two-year inquiry, provided that frame of reference. In conjunction with the U.S. Department of Treasury, the Commission is publishing and distributing the research material so that it will continue to serve as a useful frame of reference for public discussion of issues in private philanthropy.

The six-volume compilation of research consists of 91 individual studies. Research was directed at providing the Commission with perspectives – past, current, and future – about philanthropic giving and the wide range of philanthropic activities which benefit our society. It was also directed at the role of government in relationship to philanthropy – as provider of incentives for giving, as regulator in imposing standards on philanthropic activities, as partner in funding philanthropic activities, and sometimes as competitor in providing for certain public needs.

The research was especially productive in the sense that the Commission not only marshalled available information systematically, but developed new information. The research also offered different interpretations and views on each of a number of complex subjects and issues. This was consistent with the Commission's policy of objectivity and its interest in giving researchers and experts full freedom to evaluate the factual information and to express themselves in terms of their own experience, knowledge, and judgment.

The Commission sought diligently to fill information gaps whenever these were brought to its attention and it was practical to do so. In some instances, there was some omission or some imbalance in the treatment of a specific issue. This was not intentional. The shortfall was due either to lack of data and the inability to gather facts within the time constraints and the resources of the Commission or to the inability of the Commission to obtain certain points of view because a spokesman on an issue was not available.

The Commission maintained a close working relationship with government agencies at all levels of government. Many government data sources were made available to the Commission and its researchers. In some instances, research was prepared by government experts, as for example, the Treasury's preparation of data on charitable contributions from tax returns and data on philanthropic organizations from information returns, the Census Bureau's work in cooperation with the University of Michigan on a national survey of philanthropy, and the Ohio Attorney General's study of state practices in regulating public charities.

Although the research was extensive, it was not exhaustive. The scope was largely determined by areas of Commission interest and covered activities such as health, education, welfare, religion, culture, social action, community action, and public policy. These areas were examined in terms of past and current financing and accomplishments and expectations for the future.

The research was privately funded, supported by of contributions from hundreds of individuals, corporations, nonprofit organizations, and foundations. The value of professional services donated to the Commission in connection with the research is estimated to be

The first part of Volume I contains a report prepared by the Commission staff which provides a technical explanation of the Commission's recommendations and discusses means of implementing the recommendations. Following this is a report from the Donee group which criticizes some of the Commission's recommendations and offers alternatives. The remainder of the papers in Volume I present historical perspectives and analyses of various dimensions of the philanthropic sector, such as the magnitude and sources of private giving, the allocation of private funds, the impact of inflation on giving, and the extent of volunteer activity, and employment and earnings data. In some cases, the data were pioneering estimates. For the first time, data are provided on outlays by religious organizations segregated by sacramental and nonsacramental purposes. It is hoped that such initial efforts will encourage others to refine concepts and provide more accurate measures.

Volume II contains papers on various activities in the philanthropic sector—elementary, secondary, and higher education, the sciences, health, social welfare and social policy, the arts, environment, public affairs, and international affairs. The papers in general examine the changing role of philanthropy and government in each activity area and the prospects for the future. Papers are also included which examine from the grantee perspective the accessibility of grantmaking institutions such as foundations, corporations, unions, churches, and federated campaigns.

Volume III focuses on foundations and on corporations. The past and present activities of private foundations are surveyed. A comparative analysis is made of foundation grants and federal expenditures in selected functional areas. The governance of foundations and the minimum pay-out concept are also examined. Community foundations are reviewed and the prospects of public foundations and public funding agencies are considered. Turning to corporations, studies deal with the economic, legal, and tax aspects of corporate giving and the social responsibility of corporations, its rationale and issues. Corporate giving measurements are presented on characteristics and trends. Corporate executive attitudes are surveyed.

Volume IV includes legal studies on important tax code provisions, such as eligibility for tax exemption, the distinctions between public and private charities, the donor's income tax deduction, including property gifts and split interest gifts, the charitable bequest deduction, and voluntary services. Data are presented on the dimension of charitable giving under the estate tax, the gift tax, and fiduciary income tax. Policy alternatives are discussed on estate tax incentives. Nontax government alternatives to tax incentives are considered including matching grants to institutions and direct grants to beneficiaries rather than institutions. The scope of the local property tax exemption and the issues are examined.

Volume V reports on federal and state regulation of philanthropic organizations and private self-regulatory efforts of the philanthropic sector, accountability with respect to financial reporting, solicitation and fund raising, and lobbying activities. The volume concludes with an examination of tax incentives and regulation of charities in foreign countries, with special emphasis on the Canadian and British experiences.

Summaries of most of these papers are provided in *The Guide to Sponsored Research* published by the Commission in cooperation with the United Way of America.

As Research Director, I am deeply grateful to the participating authors, institutions, and organizations for their fine efforts and cooperation in carrying out the research.

GABRIEL RUDNEY
Research Director

SUMMARY DESCRIPTION OF RESEARCH PAPERS

Volume I

Private Philanthropy and Public Needs: Historical Perspective, Robert H. Bremner (1975), discussing the doctrine of stewardship and the development of voluntary associations for religious and benevolent purposes.

Private Giving in the American Economy, 1960-1972, Ralph L. Nelson (1975), describing the decline in receipts in the nonprofit sector relative to other segments of the American economy.

The Scope of the Private Voluntary Charitable Sector, Gabriel G. Rudney (1975), describing earnings, contributions, and government grants to the philanthropic sector.

Financial Data From Form 990 Returns for Exempt Charitable, Religious, and Educational Organizations, John Copeland (1975), summarizing information on financial data tabulated by IRS from Form 990 returns.

Results From Two National Surveys of Philanthropic Activity, James N. Morgan, Richard F. Dye, and Judith H. Hybels (1975), discussing the effects of the itemized deduction as an inducement to charitable giving, as well as describing the magnitude and sources of money and property donated to the nonprofit sector.

Employment and Earnings in the Nonprofit Charitable Sector, T. Nicholaus Tideman (1975), detailing effects of rising prices and wages on the nonprofit organization's ability to provide services and raise contributions as well as the use of philanthropic funds for employment in the charitable sector.

Recent Trends in the Not-For-Profit Sector, Dale L. Hiestand (1975), updating material on the state and scope of the not-for-profit sector, using both older and newer data.

The Size of the Voluntary Nonprofit Sector: Concepts and Measures, Burton A. Weisbrod and Stephen H. Long (1975), depicting the size of the voluntary nonprofit sector in terms of output and revenue from various sources.

A Study of Religious Receipts and Expenditures in the United States, Interfaith Research Committee of the Commission on Private Philanthropy and Public Needs (1975), surveying the sources of funds received by church-related philanthropies as well as the areas in which these resources are spent.

Volume II

Private Philanthropy and Higher Education: History, Current Impact, and Public Policy Considerations, Earl F. Cheit and Theodore E. Lobman III (1975), detailing the nine principal ways in which private philanthropy serves higher education as well as the importance of philanthropy to higher education in the future.

Philanthropy in Higher Education: Its Magnitude, Its Nature, and Its Influence on College and University Finance, Hans H. Jenny and Mary Ann Allan (1975), examining the dependence of colleges and universities upon philanthropic support and assessing proposals concerning the future of philanthropic endeavors.

Philanthropy, Public Needs, and Nonpublic Schools, Donald A. Erickson, (1974), characterizing the public purposes of the nonpublic school, the decline in enrollments and number of nonpublic schools in the past 10 years.

The Nonpublic School and Private Philanthropy, Robert L. Lamborn, Cary Potter, and Al H. Senske (1974), surveying dimensions of nonpublic elementary and secondary education in the United States, the public purposes of nonpublic schools, and the dependence of the nonpublic schools on philanthropic support.

The Role of Private Philanthropy and Public Support of Science in the United States, Caryl P. Haskins (1975), observing the varying characteristics and requirements, as well as roles, of scientific activity and what goals we hope to achieve in supporting science.

The Changing Role of Private Philanthropy in Health Affairs, Robert J. Blendon (1975), reviewing past and present philanthropic activities in the areas of health and medical affairs and how the public sector's contribution has changed.

Some Aspects of Evolving Social Policy in Relation to Private Philanthropy, Wilbur J. Cohen (1975), exploring the continuing and changing role of private philanthropy, particularly with respect to large foundations, in an age when government is assuming a greater number of the charitable functions once reserved to the private sector in the social services field.

Some Aspects of Private Philanthropy in Relation to Social Welfare, Ellen Winston (1975), explaining the increasing proportion of public funding of social welfare services and the necessity for private social agencies having a variety of funding sources so that they do not become largely dependent on federal funds.

The Voluntary Social Agency Experiments, Innovates, Demonstrates, and Influences Public Social Policy: The Community Service Society of New York, 1930-1970, Joseph L. Vigilante and Ruth Kantrow (1974), reviewing the activities of one large metropolitan voluntary agency, the Community Service Society of New York.

A Report on the Arts, Caroline Hightower, for Associated Councils of the Arts (1975), reporting on the growth and needs of the arts in the United States for financial support.

The Role of Philanthropy in the Environmental Field: Preservation of Natural Lands and Historic Properties, Janet Koch with Thomas W. Richards (1975), discussing the merits of private as opposed to federal funding of the acquisition and protection of land and historical properties.

The Role of Private Philanthropy in Relation to Environment-Pollution, Blair T. Bower (1975), exploring recent philanthropic activities in areas of environmental concern and comparisons of public and private efforts in this area.

Philanthropic Activity in International Affairs, Adam Yamolinsky (1975), describing the role and range of private philanthropy in private foreign aid and international affairs, education and research, as well as the levels of private and public spending in these areas and the rationale for continued private spending.

Private Philanthropy and Public Affairs, Jane H. Mavity and Paul N. Ylvisaker (1975), viewing the role of private philanthropy with regard to the nation's public problems and analyses of the effect of the Tax Reform Act of 1969 and the possibility that future legislation may be advisable to reinforce private philanthropy.

A Survey of the Voluntary Action Center Network, National Center for Voluntary Action (1975), surveying voluntarism at the local level.

Issues and Problems Facing the Voluntary Sector: A Survey of Leadership Opinion, Gordon Manser (1975), inquiring into the issues and problems that might confront the voluntary sector during the next decade.

The Voluntary Sector: Problems and Challenges, Pablo Eisenberg (1975), discussing the goals and functions of the voluntary sector and focusing on this sector's dealings in its public functions.

A Study of the Quantity of Volunteer Activity of United Way and Its Member Agencies, United Way of America (1974), describing the magnitude of volunteer hours of United Way community service activity during 1973 in the fields of health, welfare, informal education, recreation and leisure, and contrasting these hours with the amount of paid hours for work by professionals in these fields.

A Philanthropic Profile of Four Cities: Atlanta, Cleveland, Des Moines and Hartford (1975), surveying the role of private philanthropy in meeting human needs in the cities of Atlanta, Cleveland, Des Moines, and Hartford.

The Anatomy of Giving: Five American Cities (1975), reporting on the results of organized visits to five American cities—Atlanta, Cleveland, Des Moines, Hartford, and San Francisco – and examining the anatomy of giving as represented by perceptions of various people involved in philanthropy in these cities.

An Agenda for the Future, Reynold Levy and Waldemar A. Nielsen (1975), surveying the status of nonprofit institutions in America and suggesting paths to the self-improvement of these organizations.

Public Needs, Public Policy, and Philanthropy: An Analysis of the Basic Issues and Their Treatment by the Commission on Private Philanthropy and Public Needs, Thomas R. Asher (1975), contending that the Commission has failed to address the question of how public needs are and should be defined, ranked in importance, and met by the public and private sectors.

Values, Voluntary Action, and Philanthropy: The Appropriate Relationship of Private Philanthropy to Public Needs, David Horton Smith (1975), discussing private philanthropy in relation to public needs from a "public interest and humane values" perspective.

Philanthropy and the Powerless, Sarah C. Carey (1975), discussing philanthropy in regard to minority groups, the poor, the institutionalized, and others considered "outs" in American society.

U.S. Foundations and Minority Group Interests, U.S. Human Resources Corporation (1975), identifying and analyzing public policy issues relating to the response of grantmaking charitable foundations to the problems and concerns of minority groups.

Philanthropic Foundations of the U.S. and Their Responsiveness to the Special Needs, Problems, and Concerns of the Hispanic Community, 1960 Through 1971, The National Council of La Raza (1977), examining the extent and patterns of philanthropic giving to meet the special needs, problems, and concerns of the Hispanic Community.

The New Federalism: Government Accountability and Private Philanthropy Peter J. Petkas (1975), examining the implications to the general public, intended beneficiaries, and Congress of programs such as general revenue sharing, community development revenue sharing, manpower revenue sharing, and the Law Enforcement Assistance Administration.

The Role of Foundations in Broadcasting and Cable Communications Policy Development, Albert H. Kramer (1975), studying major foundation support with respect to broadcasting and cable communications.

Foundation Grants to Corporate Activist Groups: The Donee Perspective, Philip W. Moore (1975), reporting on foundation funding of corporate activist groups.

The Role of the United Way in Philanthropy, David Horton Smith (1975), examining how United Ways raise and allocate their funds, to whom, with what effect, accountable to whom, and using what philosophy.

Who's Funding the Women's Movement? Mary Jean Tully (1975), describing the lack of foundation and corporate financial support for the women's movement.

Patterns of Ethnic and Class Discrimination in the Corporate and Philanthropic World, Geno Baroni, Arthur Naparstek, and Karen Kollias (1975), discussing ethnic organizations and the patterns of private philanthropy in these groups and describing one study of ethnic representation at the corporate executive level.

Volume III

Tax Incentives and Charitable Contributions in the United States: A Microeconometric Analysis, Martin S. Feldstein and Charles Clotfelter (1975), discussing the effects of the income tax treatment of deductions for charitable contributions as an inducement to giving.

The Income Tax and Charitable Contributions: Estimates and Simulations with the Treasury Tax Files, Martin S. Feldstein and Amy Taylor (1975), presenting new evidence on price and income elasticities of charitable giving based on the special Treasury tax files for 1962 and 1970.

Effects of the Charitable Deduction on Contributions By Low-Income and Middle-Income Households: Evidence from the National Survey of Philanthropy, Michael J. Boskin and Martin S. Feldstein (1975), analyzing the philanthropic activity of low- and middle-income households and the effects of inducements on their charitable giving patterns.

Estate Taxation and Charitable Bequests, Michael J. Boskin (1975), describing the efficiency of the charitable bequests deduction by applying formulas to the top 7 percent of estates.

Charitable Bequests, Estate Taxation, and Intergenerational Wealth Transfers, Martin S. Feldstein (1975), assessing the strength of the incentive provided by the charitable bequest deduction.

A Note on the Estimation of Personal Giving, Ralph L. Nelson (1975), analyzing reports and data respecting total giving by living persons.

Evaluation of Econometric Research on the Income Tax and Charitable Giving, Arnold Zellner (1975), assessing Professor Martin Feldstein's study which measures the price and income elasticities of charitable giving by individuals.

Charitable Contributions Under the Federal Individual Income Tax: Alternative Policy Options, George F. Break (1975), depicting the effect upon charitable giving of alternative options under the federal individual income tax system, including the elimination of the charitable contribution deduction and the substitution of a matching grant system.

The Public Funding Agency, Eric Larrabee (1975), describing the organization, operation, and special characteristics of the public funding agency and the interrelated roles of government and private donors and institutions.

Private Foundations and The 1969 Tax Reform Act, Chairman and Staff, Council on Foundations, Inc. (1975), describing, *inter alia,* the burdens upon beneficiaries of the 4 percent tax and suggesting action for foundations to guard against future punitive legislation and for government to accord foundations more equal treatment with other charities.

Pay-Out Requirements for Foundations, Eugene Steuerle (1976), examining the minimum distributional requirements for foundations, presenting a review of current law and proposals for change, dealing with the technical proposals to end these problems, discussing and analyzing public policy in requiring this distribution.

Foundations and the Federal Government: A Look At Spending Patterns, Michael S. Koleda, Daniel Bourque, and Randall Smith (1975), comparing and analyzing foundation spending categories of philanthropic activity with federal government expenditures.

Community Foundations, Norman A. Sugarman (1975), describing the history of the community foundation movement, the current and future role of community foundations, and the status of community foundations under the tax law.

The Charitable Foundation: Its Governance, Lawrence M. Stone (1975), suggesting a means to achieve flexibility and responsiveness through implementing a system of selecting foundation board membership that represents a wide range of viewpoints.

Corporate Philanthropic Public Service Activities, James F. Harris and Anne Klepper (1975), surveying the present scope of corporate philanthropic activity, the effect of tax changes upon such activity, and the opinions of company officials on the motivations prompting corporate gifts of money and time.

Corporate Giving: Rationale, Issues, and Opportunities, C. Lowell Harriss (1975), examining means of expanding corporate philanthropic activity through further tax incentives and greater social responsibility on the part of corporations.

Corporate Charitable Contributions and Corporate Social Responsibility, Milton Moskowitz (1975), discussing corporate philanthropic activity as an acknowledgement by corporate donors of social demands being imposed upon them.

Corporate Giving Measurements, Thomas Vasquez (1975), examining the amounts of corporate giving both in terms of the size of the corporate donor and the percentage of pre-tax incomes.

Corporate Charitable Contributions, R. Palmer Baker, Jr., and J. Edward Shillingburg (1975), describing the present tax rules regarding both direct corporate giving and giving through company foundations, the latter of which is increasingly being used by corporations.

Volume IV

Criteria For Exemption Under Section 501(c)(3), John P. Persons, John J. Osborn, Jr., and Charles F. Feldman (1976), exploring the history of the statutory criteria for exemption under section 501(c)(3) and describing the manner in which they have been interpreted by the courts and the IRS.

Tax Policy Relating to Environmental Activities and Public Interest Litigation, A. M. Wiggins, Jr., and Bert W. Hunt (1975), examining the tax treatment of environmental activities and public interest litigation.

An Analysis of the Federal Tax Distinctions Between Public and Private Charitable Organizations, Laurens Williams and Donald V. Moorehead (1975), portraying the distinctions between public and private charitable organizations and suggesting diminution in the level of such distinctions, particularly in the area of degree of permissable involvement in legislative activities.

The Charitable Deduction Under Section 170 of the Internal Revenue Code, John A. Wallace and Robert W. Fisher (1975), analyzing the operation of section 170 and describing its complexities.

Personal Deductions in an Ideal Income Tax, William D. Andrews (1972), examining the charitable contribution deduction (also the medical expense deduction) in terms of, alternatively, the Haig-Simons concept of an income tax

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base, or a tax base including the taxpayer's aggregate personal consumption and accumulation.

Explanation and Analysis of Split-Interest Gifts to Charity, Theodore A. Kurtz and Barbara P. Robinson (1974), describing the methods of making, and the tax treatment of, gifts in trust with charitable beneficiaries, including the changes in those methods made by the Tax Reform Act of 1969.

Legal Aspects of Charitable Contributions of Appreciated Property to Public Charities, Harry K. Mansfield and Ronald L. Groves (1975), characterizing the workings of the present allowance as well as the merits and problems of the allowance as it currently exists.

A Pro-Charity Substitute For the Present Tax Law Treatment of Appreciated Property Contributed to Charity, Gerard M. Brannon (1975), suggesting an augmented deduction for gifts of appreciated property as a means of eliminating the benefits which the author finds are today concentrated among the very wealthy.

Treatment of Volunteer Services and Related Expenses Under the Internal Revenue Code, Edmund C. Bennett (1976), commenting on the treatment of voluntary services and related expenses indicating that volunteer services would not be deductible but that expenses associated with them would be.

Estate Tax Deduction For Charitable Benefits: Proposed Limitations, John Holt Myers (1975), supporting a continuation of the present law.

Dimensions of Charitable Giving Reported on Federal Estate, Gift, and Fiduciary Tax Returns, Emil M. Sunley, Jr., (1975), describing the amount of charitable gifts reported on federal, estate, and fiduciary returns for the period 1954 through 1970.

Death, Taxes, and Charitable Bequests: A Survey of Issues and Options, Richard E. Wagner (1975), examining the tax treatment of charitable bequests and suggesting that charitable bequests are sacrifices of personal consumption justifying the charitable bequest deduction.

Proposed Limitations on the Estate Tax Deduction For Charitable Transfers, David Westfall (1974), recommending that a floor and ceiling be added to the present charitable bequest deduction.

Alternative Approaches to Encouraging Philanthropic Activities, Gerard M. Brannon and James Strnad (1975), discussing a system of federal grants to the beneficiaries of philanthropy, including programs such as a tuition subsidy approach.

A Tax By Any Other Name: The Donor-Directed Automatic Percentage Contribution Bonus, A Budget Alternative For Financing Governmental Support of Charity, David A. Good and Aaron Wildavsky (1975), evaluating four alternatives for providing governmental support for charity—the existing tax write-off, a tax credit, a percentage contribution bonus and a sliding matching grant—in terms of their effects on the donors and recipients of charitable giving.

Study of Federal Matching Grants For Charitable Contributions, Paul R. McDaniel (1975), exploring the effect upon giving in the aggregate and giving by income classes of a program of federal matching grants for contributions.

The Exemption of Religious, Educational, and Charitable Institutions from Property Taxation, L. Richard Gabler and John Shannon (1975), examining studies of and major issues respecting government and private tax-exempt property and discussing various policy options.

Volume V

Federal Oversight of Private Philanthropy, David Ginsburg, Lee R. Marks, and Ronald P. Wertheim (1975), considering the present relationship between the federal government and private philanthropy and concluding that the Internal Revenue Service should continue to determine what organizations are "charitable" and to audit such organizations.

Judicial Remedies and Related Topics, Adam Yarmolinsky and Marion R. Fremont-Smith (1975), outlining the problem of private benefit in section 501(c)(3) organizations and proposing solutions.

The Status of State Regulation of Charitable Trusts, Foundations, and Solicitations, Office of the Ohio Attorney General (1974), surveying state charitable trust and foundation statutes and other state laws regulating the solicitation of funds for charitable purposes.

Self-Regulation in Private Philanthropy, Peter G. Meek (1974), analyzing past experiences in self-regulation by nonprofit organizations and suggesting that self-regulation has proved an ineffective system for enforcing standards necessary to insure the appropriate use of tax-exempt funds.

Preserving the Private Voluntary Sector: A Proposal For a Public Advisory Commission on Philanthropy, Adam Yarmolinsky and Marion R. Fremont-Smith (1976), recommending the establishment of a simple public advisory commission on philanthropy to foster conditions in which philanthropy could grow and improve.

A Study of the Inadequacies of Present Financial Reporting by Philanthropic Organizations, Accounting Advisory Committee (Malvern J. Gross, Jr., R. Kirk Batzer, Delford W. Edens, and Timothy J. Racek) (1974), reporting the need for a uniform system of accounting for nonprofit corporations through development of a uniform set of accounting principles to be used by all nonprofit organizations and presenting a proposed standard accounting report.

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Taxation and Philanthropy in Canada, R. M. Bird and M. W. Bucovetsky (1975), exploring the taxation of philanthropy in Canada and asserting that recently enacted tax measures have resulted in a decrease in charitable bequests.

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    1. That to increase inducements for charitable giving, all taxpayers who take the standard deduction should also be permitted to deduct charitable contributions as an additional, itemized deduction.
  Commentary 3
  Commission Recommendation 4
    2. That an additional inducement to charitable giving should be provided to low- and middle-income taxpayers. Toward this end, the Commission proposes that a "double deduction" be instituted for families with incomes of less than $15,000 a year; they would be allowed to deduct twice what they give in computing their income taxes. For those families with incomes between $15,000 and $30,000, the Commission proposes a deduction of 150 percent of their giving.
  Commentary 4
  Commission Recommendation 5
    3. That income deducted for charitable giving should be excluded from any minimum tax provision.
  Commentary 5
  Commission Recommendation 8
    4. That the appreciated property allowance within the charitable deduction be basically retained but amended to eliminate any possibility of personal financial gain through tax-deductible charitable giving.
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Commission Recommendation 10

5. That the charitable bequest deduction be retained in its present form.

Commentary 10

Commission Recommendation 10

6. That corporations set as a minimum goal, to be reached no later than 1980, the giving to charitable purposes of 2 percent of pre-tax net income. Moreover, the Commission believes that the national commission proposed in this report should consider as a priority concern additional measures to stimulate corporate giving.

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1. That all larger tax-exempt charitable organizations except churches and church affiliates be required to prepare and make readily available detailed annual reports on their finances, programs, and priorities.

Commentary 11

Commission Recommendation 16

2. That larger grant-making organizations be required to hold annual public meetings to discuss their programs, priorities, and contributions.

Commentary 16

Commission Recommendation 17

3. That the present 4 percent "audit" tax on private foundations be repealed and replaced by a fee on all private foundations based on the total actual costs of auditing them.

Commentary 17

Commission Recommendation 18

4. That the Internal Revenue Service continue to be the principal agency responsible for the oversight of tax-exempt organizations.

Commentary 18

Commission Recommendation 20

5. That the duplication of legal responsibility for proper expenditure of foundation grants, now imposed on both foundations and recipients, be eliminated and that recipient organizations be made primarily responsible for their expenditures.

Commentary 20

Commission Recommendation 22

6. That tax-exempt organizations, particularly funding organizations, recognize an obligation to be responsive to changing viewpoints and emerging needs and that they

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take steps such as broadening their boards and staffs to insure that they are responsive.

Commentary 22

Commission Recommendation 24

7. That a new category of "independent" foundation be established by law. Such organizations would enjoy the tax benefits of public charities in return for diminished influence on the foundation's board by the foundation's benefactor or by his or her family or business associates.

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8. That all tax-exempt organizations be required by law to maintain "arms-length" business relationships with profit-making organizations or activities in which any member of the organization's staff, any board member or any major contributor has a substantial financial interest, either directly or through his or her family.

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9. That to discourage unnecessary accumulation of income, a flat payout rate of 5 percent of principal be fixed by Congress for private foundations and a lower rate for other endowed tax-exempt organizations.

Commentary 28

Commission Recommendation 30

10. That a system of federal regulation be established for interstate charitable solicitations and that intrastate solicitations be more effectively regulated by state governments.

Commentary 30

Commission Recommendation 34

11. That as a federal enforcement tool against abuses by tax-exempt organizations, and to protect these organizations themselves, sanctions appropriate to the abuses should be enacted as well as forms of administrative or judicial review of the principal existing sanction—revocation of an organization's exempt status.

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12. That nonprofit organizations, other than foundations, be allowed the same freedoms to attempt to influence legislation as are business corporations and trade associations, that toward this end Congress remove the current limitation on such activity by charitable groups eligible to receive tax-deductible gifts.

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Part I

Commission on Private Philanthropy and Public Needs Commentary on Commission Recommendations

Donee Group Report and Recommendations

COMMISSION ON PRIVATE PHILANTHROPY AND PUBLIC NEEDS

COMMENTARY ON COMMISSION RECOMMENDATIONS

This commentary, prepared by the staff of the Commission, has two purposes. First, it is intended generally to relate the Commission's recommendations to the relevant research papers included in this publication. Second, and more particularly, it is intended to present for discussion comments and alternatives with respect to the implementation of those recommendations. The views expressed are not those of the Commission nor of any Commission member. References are made to objective research and analysis, dissenting views of the Commission members, and the Report of the Donee Group.[1]

I

BROADENING THE BASE OF PHILANTHROPY

Commission Recommendations

1. *That to increase inducements[2] for charitable giving,[3] all taxpayers who take the standard deduction should also be permitted to deduct charitable contributions as an additional, itemized deduction.*

Commentary

Under the Commission's recommendation, which would require implementing legislation, a taxpayer electing the standard deduction could, in addition to the standard deduction, separately itemize and deduct charitable contributions to the extent of the applicable percentage-of-income limitations.

Nonitemizers could claim the charitable contributions deduction on a separate schedule attached to either the basic tax form (Form 1040) or the short form tax return (Form 1040A), or on the return forms themselves if they can be modified to include the needed information.

In the interest of administrative simplicity, taxpayer reporting requirements respecting contributions of cash would not differ from the present rules. [4] Different rules might be needed for gifts of property.[5] However, gifts of property, whether or not appreciated, should qualify for the extended deduction on the same basis as gifts of money, with due regard given to valuation and other administrative problems.

2. *That an additional inducement[6] to charitable giving should be provided to low- and middle-income taxpayers. Toward this end, the Commission proposes that a "double deduction" be instituted for families with incomes of less than $15,000 a year; they would be allowed to deduct twice what they give in computing their income taxes. For those families with incomes between $15,000 and $30,000, the Commission proposes a deduction of 150 percent of their giving.*[7]

Commentary

The amplified deductions, if implemented by legislation, could be claimed by any eligible taxpayer regardless of filing status, that is, joint return, married filing separately, single or head of household.[8] Trusts, estates, and corporations would not be eligible. Partnership contributions would be allocated to individual partners to determine the amount of the amplified deductions, if the partner is otherwise eligible. To qualify, the donor's income must fall within prescribed limits – at gross income[9] levels of $15,000 and $30,000 for joint returns. For single taxpayers, heads of households, and married couples filing separately, the gross income levels would be $7,500 and $15,000, respectively.

Anomalies will occur at the extremities of these brackets unless some mechanism is adopted to eliminate the notches. For example, if literally applied, a household with gross income of $15,000 would receive a charitable contributions deduction of 200 percent, whereas a household with gross income of $15,001 would receive a charitable contributions deduction of 150 percent. Were no allowance to be made for this disparity, a $15,000 household would realize a one-third greater tax benefit from its charitable contributions than the $15,001 household would realize from contributions of the same amount.

To eliminate the notches, amplified, but phased down, deductions could be provided with respect to gross income classes between $7,500 and $8,000 ($15,000 and $16,000 on joint returns) and between $15,000 and $15,500 ($30,000 and $31,000 in joint returns). Tables could be developed to determine the applicable amplified deduction. See Tables 1 and 2 below, which illustrate with joint return figures one method of providing a phase-out of the amplified deductions.[10]

Example: A married taxpayer files a joint return with $15,392 of gross income. If $100 in charitable contributions had been made, the appropriate amplified deduction would be determined as follows. First, the taxpayer would determine his family's gross income from the tax return. Second, the taxpayer would determine his applicable percentage in the tax return instruction booklet. Since his gross income was $15,392, his applicable percentage (Table 1) is 181 percent. Next, multiplication of 181 percent by his actual contribution ($100) yields his deductible amount: $181, to be entered as his charitable contribution on his tax return.

Taxpayers making a contribution in cash intended to qualify for the amplified deduction might be required to retain written proof of the contribution containing confirmation by the donee that the gift, in fact, had been made.[11] Although this factor might add to a recipient organization's administrative costs, it can be anticipated that these expenses could be more than offset by additional expected contributions.

Gifts of property, whether or not appreciated, would qualify for the amplified deduction on the same basis as gifts of money, giving due regard to valuation and other administrative problems.

Although all charities described in section 170 of the Code would fall within the ambit of recipients entitled to receive both the extended and amplified deductions, consideration might also be given to the exclusion from the rule for either private or "independent"[12] foundations, or both.[13] Special consideration should be given, however, to the situation of a private operating foundation, independent foundation, or private foundation seeking to achieve a broad base of public support.

Commission Recommendation

3. *That income deducted for charitable giving should be excluded from any minimum tax provision.*

Commentary

The Commission's report contemplates that voluntary contributions to the nonprofit sector can, in the areas in which they are given, serve public needs as effectively and readily as payment of taxes.[14] Because

Table 1

Married Taxpayers Filing Joint Return

Gross Income (From Line 13, Page 1, Form 1040 or Line 12, Page 1, Form 1040A) Select figure below closest to but not exceeding your gross income	*Applicable Percentage*
$15,000 or less	200%
15,020	199
15,040	198
15,060	197
15,080	196
15,100	195
15,120	194
15,140	193
15,160	192
15,180	191
15,200	190
15,220	189
15,240	188
15,260	187
15,280	186
15,300	185
15,320	184
15,340	183
15,360	182
15,380	181
15,400	180
15,420	179
15,440	178
15,460	177
15,480	176
15,500	175
15,520	174
15,540	173
15,560	172
15,580	171
15,600	170
15,620	169
15,640	168
15,660	167
15,680	166
15,700	165
15,720	164
15,740	163
15,760	162
15,780	161
15,800	160
15,820	159
15,840	158
15,860	157
15,880	156
15,900	155
15,920	154
15,940	153
15,960	152
15,980	151
16,000 to 30,000	150

Table 2

Married Taxpayers Filing Joint Return

Gross Income (From Line 13, Page 1, Form 1040 or Line 12, Page 1, Form 1040A) Select figure below closest to but not exceeding your gross income	*Applicable Percentage*
$30,000 or less (but not below 16,000)	150%
30,020	149
30,040	148
30,060	147
30,080	146
30,100	145
30,120	144
30,140	143
30,160	142
30,180	141
30,200	140
30,220	139
30,240	138
30,260	137
30,280	136
30,300	135
30,320	134
30,340	133
30,360	132
30,380	131
30,400	130
30,420	129
30,440	128
30,460	127
30,480	126
30,500	125
30,520	124
30,540	123
30,560	122
30,580	121
30,600	120
30,620	119
30,640	118
30,660	117
30,680	116
30,700	115
30,720	114
30,740	113
30,760	112
30,780	111
30,800	110
30,820	109
30,840	108
30,860	107
30,880	106
30,900	105
30,920	104
30,940	103
30,960	102
30,980	101
31,000 and above	100

the two forms of payments stand in parity in that sense, and because "foregone" revenues resulting from the charitable contributions are small[15] in relation to total revenues, the Commission report reflects a position that when the two principles collide, the charitable contribution deduction should prevail.

Any minimum tax formulation which serves to limit a taxpayer's ability to make charitable contributions in cash or property (to the full extent of generally applicable percent-of-income limitations) would be inconsistent with the Commission's recommendation. For example, those provisions of the Tax Reform Act of 1976[16] which include within the minimum tax base all personal itemized deductions in excess of a specified percentage of adjusted gross income are inconsistent with the Commission recommendation since charitable contributions are treated like any other itemized deductions. The effect of that provision,[17] it can be argued, may be to reduce discretionary deductible payments (such as charitable contributions) in order to obtain the full benefit of other personal deductions (such as interest or state taxes) which are not discretionary.[18] The lower the percentage used for this purpose, the more significant its effect would be.

Further, even though a given taxpayer may not in fact be required to pay any minimum tax in a particular taxable year, the taxpayer may be sufficiently uncertain of his taxable position that he will reduce charitable contributions in anticipation of possible minimum tax problems; for the same reason, he may in any event delay making contributions until the end of the taxable year, at which time his position may be more readily ascertainable.

Any proposal to "allocate" deductions between taxable and tax-exempt income could also erode taxpayer incentives to make charitable contributions.[19] This could occur, for example, if some portion of the charitable contribution deduction were allocated to income received from holdings of state and local obligations.

Commission Recommendation

4. *That the appreciated property allowance within the charitable deduction be basically retained*[20] *but amended to eliminate any possibility of personal financial gain through tax deductible charitable giving.*

Commentary

The Commission's recommendation would not alter the basic rules of present law, which permit gifts of appreciated property to be made at fair market value without tax to the donor. However, no taxpayer would be permitted (in the extreme cases in which this can occur) to increase his net worth as the result of a charitable contribution. Thus, the deduction arising from a charitable contribution of appreciated property would be reduced so that the taxpayer's after-tax position could be no more favorable than if the same property had been sold.

To determine whether a taxpayer's net worth in fact increased, the standard generally used would be that of a sale.[21] If a net worth increase is to be avoided, the amount of the deduction allowable with respect to the appreciated gift[22] would be reduced by an amount equal to the "constructive net gain" from the charitable gift divided by the taxpayer's marginal tax bracket.[23] The "constructive net gain" would be computed as the excess of (A) the fair market value of the appreciated property, multiplied by the taxpayer's marginal tax bracket, over (B) the net after-tax proceeds which the taxpayer would have available if the donated property were sold at fair market value.[24]

Because this issue will arise only when the value of the property substantially exceeds its basis, few taxpayers would be faced with the difficulty of making this calculation.

To illustrate this calculation: Consider a gift of stock held for more than six months which has a basis of $50 and a fair market value of $300. A charitable contribution of such property by a 70 percent rate taxpayer would (apart from the proposed limitation) reduce income taxes otherwise payable by $210. If the property had been sold and taxed at an effective rate of 40 percent[25] the after-tax proceeds available would have been $200 ($50 basis, plus $150 after-tax gain). Thus, the constructive net gain produced is $10 ($210 - $200) and the value of the charitable gift must be reduced by $14.29 ($10.00/.70). Consequently, the property can only be deducted at a value of $285.71, which yields, after the deduction, the same after-tax position as a constructive sale.

The interaction of various limitations on deductions for charitable gifts of appreciated property results, in rare instances, in the total loss of a portion of the deduction. It would not be inconsistent with the Commission's recommendation to permit utilization of the excess in later taxable years.[26]

Commission Recommendation

5. *That the charitable bequest deduction be retained in its present form.*[27]

Commentary

Although no changes are recommended in the content of section 2055,[28] consideration could be given to changes in section 2055 with respect to the following special situations.

Present law authorizes a deduction for bequests to a foreign entity, provided the foreign entity qualifies under section 2055(a)(2), a provision which imposes tests comparable to those applicable under sections 170(c) and 501(c) (3). A foreign organization may escape the regulatory excise tax provisions of Chapter 42 even though it would be classified as a private foundation if it were a domestic entity; thus a testator can make bequests to a foreign private foundation yet avoid the strictures of that chapter. Studies might be made to determine whether this policy is appropriate in light of the fact that present law denies income tax deductions for lifetime contributions to foreign organizations.[29] Alternatively, reconsideration might be given to the appropriateness of such income tax rules.

Additionally, section 170(c)(2) now provides that a contribution by a corporation to a "trust, or community chest, fund or foundation" is deductible only if it is to be used in the United States. No such rule is applicable to contributions by individuals, nor to contributions by corporations to charitable corporations.[30] In this context as well, consideration might be given to reconciling these divergent rules.

Commission Recommendation

6. *That corporations set as a minimum goal, to be reached no later than 1980, the giving to charitable purposes of 2 percent of pretax net income. Moreover, the Commission believes that the national commission proposed in this report should consider as a priority concern additional measures to stimulate corporate giving.*[31]

Commentary

Although the Commission recommendation does not contemplate mandatory corporate charitable contributions, it does anticipate increased voluntary activity from the business community as a result of wider disclosure of the amount of corporate charitable giving and numbers of donors. Such greater exposure of corporate giving practices could take the form of annual publication by the Treasury of corporate charitable contributions (describing, for example, types of donees to which gifts are made), together with the publication of annual (or more frequent periodic) information furnished by private organizations.[32]

Businesses that desire to respond affirmatively to the Commission's recommendations could do so in an orderly way by increasing annually in increments of 25 percent the amount between existing giving and 2 percent of pretax income. In this manner, the 2 percent amount could be reached by 1980. Businesses could also assist materially in this effort if the larger ones (for example, those with gross revenues exceeding $100 million) established offices or designated persons with specific responsibility for corporate giving.

The value to the nonprofit sector of contribution of inventory property by certain categories of businesses was brought to the Commission's attention. Rules permitting such gifts, within strictly controlled limits which would preclude abuses,[33] would not appear to be inconsistent with the Commission's recommendation.

II

IMPROVING THE PHILANTHROPIC PROCESS

Commission Recommendation

1. *That all larger tax-exempt charitable organizations except churches and church affiliates be required to prepare and make readily available detailed annual reports on their finances, programs, and priorities.*[34]

Commentary

A number of considerations are inherent in this recommendation: the organizations that would be affected; the contents of the annual reports; the manner in which such reports would be made available to the public; and the sanctions which would be applied for failure to publish or to make available such reports. Each of these will be discussed separately.

Organizations Affected

The Commission's recommendation would apply to all categories of organizations exempt under sections 501(c)(3) and 501(c)(4), except churches and church affiliates as hereinafter described. Included within the filing requirement therefore would be both operating and grant-making charities, as well as organizations that combine these functions. Also, no distinction would be made among the various types of charitable organizations, including public charities, independent foundations, and private foundations.

Business corporations would also be subject to the requirements of annual filing and public disclosure if their annual contributions, together with the amount of direct and indirect expenses attributable to them, equal or exceed $100,000 (determined under principles comparable to those used with respect to charitable organizations).[35] Although the determination of a corporation's contribution budget is within the control of the donor corporation (thus apparently permitting ready avoidance of the provision), the regulations could require filing in cases, for example, in which contributions allocable to more than one year are "bunched" or otherwise deliberately reduced. While the Commission recommendation would not apply to business entities other than corporations, consideration might be given to including non-corporate business entities meeting the $100,000 test.

Although the Commission's recommendation in general is directed at the private nonprofit sector, consideration might also be given to the inclusion of certain government entities (such as the National Science Foundation and the National Endowments for the Arts and Humanities). Despite the dissemination of some public information respecting these organizations, greater disclosure of the specifics of their activities – presented in a manner comparable to and compatible with that required of private organizations – should facilitate better understanding, and therefore more effective performance by those organizations.

Annual reports would be required only of organizations whose annual budgets exceed $100,000. Because of this "floor," smaller organizations would not be burdened with this expense. If, however, experience with such a provision suggests that a higher or lower limit should be set, further studies should then be made of the means to facilitate the desired disclosure.

In determining whether a charitable organization's budget requires it to file the detailed annual report and to make it available for public inspection for any taxable year, principles which now apply in calculating "gross receipts" in regulations under section 6033[36] could be adapted to the new rule. An organization whose gross receipts do not exceed $100,000 (determined under such principles) in the immediately preceding year and whose average gross receipts over the preceding five years do not exceed $100,000, would not be required to make available its annual report.

It should be observed that the Commission's recommendation would not apply to a church or a "church affiliate," a term not defined under present law. No precise definition is intended to be formulated here. In promulgating regulations under this provision, however, consideration can be given to drawing a distinction between organizations which are "integrated" auxiliaries of a church and those which, while related to it, do not conduct, to any substantial degree, sacramental or sacerdotal activities characteristic of the church.[37] Examples are schools or hospitals that are operated primarily for education, welfare, health, charity or other humanitarian goals consistent with section 501(c)(3).

Content of Reports

The Internal Revenue Service could develop one or more forms (or revise Form 990) to generate meaningful data about the nonprofit sector on an ongoing basis. Although the Service's interest in adapting forms to its statistical needs is recognized, it is expected that with respect to these documents, the Service would also take into account their intended use as a means of disseminating facts about nonprofit entities on a much wider basis than heretofore.

The annual report of an organization should include financial data, an opinion of independent auditors, a description of the programs and priorities of the organization, and criteria taken into account in accepting or rejecting requests for funds, products, or services, as well as the names, addresses, and titles of trustees, directors, or other governing persons.[38] The opinion of independent auditors should clearly set forth the standards applied in distinguishing between funds held for endowment, for general operations, and for special purposes. In the case of a business corporation, the information required would be limited to the pertinent aspects of the corporations contribution program.

Income statements included in the report would be expected to identify in detail the separate amounts of income received for the rendition of services, the sale of products, or from the use of facilities. In determining an organization's expenditures, the criteria by which overhead and general and administrative expenses are separated from those associated with the processing or administration of specific grants or activities should also be explained.

The preparation of meaningful reports necessarily requires that uniform accounting principles be applied to the degree practicable in describing the various categories of accounts and functions of nonprofit organizations. Because the nonprofit sector encompasses entities performing a wide variety of functions, many with differing sources of support and types of activities, accounting principles would need to be made uniform with respect to comparable categories of organizations.[39]

Consistent with the recommendation of the Commission would be provision for a summary annual report to be made available to those requesting it in shorter form and in less detail than the basic annual report of which it would be a part. Where such a summary report is utilized, however, it would supplement and not replace the basic annual report, which would also be available upon request in the manner described below.

It is also anticipated that the annual report of a reporting organization will contain a statement describing its field or fields of philanthropic activity. Additionally, if its charter is broad but in practice the programs are limited to specific fields of interest (whether or not such fields change from time to time), an explanation of the criteria which have been taken into account in establishing (or changing) such areas would be included. This information could be incorporated in each year's report.

Nothing in the Commission recommendation would require that the internal decision making processes of a reporting organization be subject to public disclosure. Such an organization could, within the ambit of the recommendation, retain flexibility to accept or reject a request for funds, products, or services for reasons which are private to it in a specific case. On the other hand, the general criteria that are applied by a grant-making entity should be incorporated into the filed material and made appropriately available in sufficient detail so that a donor or a potential (or rejected) applicant can determine the general policies and circumstances in which grants may be awarded (or rejected), subject to the availability of resources.

Availability of Reports

To increase access to the data accumulated under the expanded reporting requirements, the information filed should be made available to the general public on a continuous, current basis, at or below actual reproduction costs, within a reasonable period after a request is made. Each organization filing this information could be required to make it available upon request for a minimum period of time (for example, one year) after it is filed with the Service. The organization could be required to supply requested material within a stated period (for example, 60 days) after the request is made.

If a member of the public seeks information subsequent to the expiration of the minimum period, or if the organization does not respond within the stated period, the requested data could then be made available from the Service. Presumably the Service would not be required to respond to requests for information within any definite time. In this manner, members of the public would be encouraged to seek information from the organization in the first instance, with the Service serving only as a secondary source. As an aid to public access to information from the Service, the material should be made available in the offices of the District Directors, as well as the National Office.

Sanctions

Penalties could be imposed (unless reasonable cause is shown) in the case of an organization that fails to provide the information fully and promptly in response to a proper request from the public for the information. Such penalties could be patterned after those imposed under section 6652 of the present law. Equitable remedies (or, alternatively, penalty taxes patterned after the Chapter 42 excise tax structure) could be utilized to assure that reports comply with the requirement and set forth the required information in full.

Commission Recommendation

2. That larger grant-making organizations be required to hold annual public meetings to discuss their programs, priorities, and contributions.

Commentary

The Commission's recommendation would apply only to grant-making organizations (except for churches and church affiliates) whose annual grants equal or exceed $100,000 (under standards described heretofore). Governmental grant-making organizations such as the National Science Foundation and the National Endowments for the Arts and Humanities could (for reasons described in connection with the filing of reports) also be included within this rule.

Operating charities would be excluded from the requirement, however, where their principal function is the direct conduct of nonprofit activities.[40]

Grant-making organizations subject to the annual meeting rule include private foundations and publicly supported charities (such as federated fund-raising organizations) which disburse funds to operating charities.

A business corporation with annual contributions that equal or exceed $100,000 would be subject to this rule, but only with respect to its contribution program. If the corporation so desired, discussion of its corporate giving program could be had in conjunction with the annual meeting of stockholders, but this would require that non-stockholders be admitted, at least to this portion of the meeting. Although the Commission's recommendation relates solely to corporations, its application to any business entity with a contribution program at the $100,000 level or more would not be inconsistent with the Commission recommendation. Questions may be raised, however, as to whether a meeting requirement should be applicable to business entities on the same basis as to tax-exempt charitable organizations.

It is recognized that a grant-making organization may experience difficuities in determining its constituency for purposes of the notification procedures. This could particularly be the case where the corporate charter is very broad or where programs change from time to time or are geographically scattered. The grant-making organization could therefore itself determine its own constituency on the basis of "self-examination" of its own constituency.

Notice of the meeting could also be provided in newspapers or other publications with a readership whose interests could be expected to place them among the organization's constituency. No inference is intended that the requirement of notice would necessitate continual or other broad-scale publication of the meetings. Organizations would be expected to take steps to assure reasonable access to the meetings by as wide a range of the interested public as is feasible under the circumstances.

An organization that failed to hold the annual meeting would not be deprived of its tax exemption, nor would contributions to it lose their deductible status. On the other hand, the managers of the organization, and the organization itself, would be subject to penalty taxes for a willful failure to hold such meetings. Thus, the organization could become subject to a per diem tax for every day after the appointed time that a scheduled meeting is not held.[41] Responsible officers who knowingly failed to hold the annual meeting would also be liable for a penalty tax. Alternatively, if such penalties are deemed to be overly stringent, enforcement might be achieved via equitable remedies administered by court action.

Commission Recommendation

3. That the present 4 percent "audit" tax on private foundations be repealed and replaced by a fee on all private foundations based on the total actual costs of auditing them.

Commentary

Under the Commission's recommendation, private and independent foundations would continue to bear the costs of their own audit. In the case of all other section 501(c)(3) organizations, their costs of audit would continue to be borne from general government funds as under present law.[42]

This recommendation could be implemented as follows:

(1) Section 4940 would be repealed.

(2) The administrative provisions of the Code could be amended to enable the Service to charge a fee measured by a percentage of

the "distributable amount" of a private foundation computed under section 4942. Such fee would be applied annually, based upon the Service's published determination of the actual costs of audit of private foundations for the three years preceding the year in question. In making this determination, appropriate allowances could be made for inflation, with adjustment in the determination for any excess collection received in earlier years. The costs of auditing exempt organizations other than private foundations would be borne by the government. Differences between charges imposed and actual audit costs for private foundations would be corrected by adjustments in charges levied in future years.

Commission Recommendation

4. *That the Internal Revenue Service continue to be the principal agency responsible for the oversight of tax-exempt organizations.*

Commentary

The Commission's recommendation reflects an expectation that the Service will continue to function with particular vigor and impartiality respecting its administration of exempt organization tax matters.[43] This expectation also takes into account the statutory office of Assistant Commissioner, Employee Plans and Exempt Organizations. It anticipates that the Service will provide that office with sufficient funds for the task before it respecting exempt organizations. If this does not prove to be the case within a reasonable period of time (for example, by the end of 1978) whether because of the complexities of administration of the ERISA program or otherwise, then further statutory steps might be taken to rectify any administrative deficiencies.

To assure that the nonprofit sector and the public are fully aware of the Service's attention to exempt organizations, and to enable interested persons to participate in an ongoing process of improvement, the Internal Revenue Service should publish within six months of the close of each calendar year a statement which would contain the following information respecting the administration of its duties with respect to the exempt organization field:

(1) Statistics respecting the number of organizations for which an exemption is granted, classified by categories of entities, including private foundations;

(2) Statistics respecting the number of organizations for which an exemption is denied, and categories of such organizations;

(3) A statement of gross receipts and disbursements of exempt organizations, including a breakdown to show receipts from contributions, government grants and contracts for services, and such other meaningful categories as can feasibly be reported;

(4) A statement of penalty excise taxes assessed and collected from private foundations;

(5) A statement of collections of income taxes and unrelated business income taxes;

(6) A statement indicating dollar amounts spent in administration and fund raising by charities that solicit funds from the general public;

(7) A statement indicating the criteria applied by the Service in determining exemption in various fields. For example, the Service should state the elements that enter into the determination of whether an organization is or is not exempt as a church, school, educational organization, or otherwise;[44]

(8) A statement of the amount of charitable bequests reported during the year, with the categories of philanthropic fields to which such bequests were made, and the amount given to each field;

(9) Information respecting corporate giving would indicate the numbers of corporations, their size, their industry classification, the value of charitable contributions made, and the charitable categories in which the contributions are made.[45] Corporate commitments not listed as contributions which benefit charities (such as interest-free or low interest rate loans, contributions of services of employees, and free or low-cost use of facilities) could

be identified; the percentage of a company's pretax income given by it to charity would also be subject to annual disclosure;[46]

(10) When feasible through the use of the existing statistics of income program, information should be developed with respect to individual giving as follows:

(a) percentages of individual income given to charities at various levels of gross income;

(b) indication of amount of gifts given in cash and property and the dispersion of each among charitable fields;

(c) information respecting size of gifts, classified by donors' income and purposes of gifts (health, education, welfare, religion, and so forth);

(11) All publicly available material (for example, information returns and exemption applications) should be readily accessible. The Service should make financial and physical arrangements to assure that persons seeking this information are able to receive it with a minimum of delay and at moderate costs.

Implementation of this aspect of the Commission's recommendation clearly involves substantial expenditures of funds for the production, dissemination, and processing of the new data. This, together with other increased demands upon the Service, suggests that separate budgetary arrangements should be made to assure that the Service could carry out these responsibilities without diminishing its normal revenue and administrative collection functions.

Commission Recommendation

5. *That the duplication of legal responsibility for proper expenditure of foundation grants, now imposed on both foundations and recipients, be eliminated and that recipient organizations be made primarily responsible for their expenditures.*

Commentary

This recommendation would relieve a grantor private foundation of detailed "expenditure responsibility" for grants to organizations that do not qualify as "public charities."[47] Such a change would facilitate the making of a wider spectrum of grants by private foundations, which is at present inhibited by the concern of the grantor foundation and its managers for possible liability for taxes on "taxable expenditures." The change would also eliminate the present complex and duplicative monitoring and reporting requirements for donees already obligated to conform to section 501(c)(3) standards. In general, the recommendations would be implemented by placing responsibility for expending a grant in accordance with the anticipated purposes on the grantee organization, whose activities would be monitored through the normal audit procedures of the Service. Only where a grant was made to a noncharity, for a specific exempt project, or to an individual, would the present monitoring and recording rules apply.

The effectiveness of such grantee monitoring would be enhanced if the present tax on any amount paid or incurred by a private foundation for a noncharitable purpose, under section 4945(d) (5), were extended to expenditures by all charities. Such a tax should also apply to a noncharitable donee that diverts an exempt purpose grant to noncharitable uses.

Requirements for reporting the use of grant funds to donors would be retained, to encourage donors to guard against expenditures for purposes which, although charitable, are outside the scope of the grant. The present sanctions for nonreporting – under which efforts must be made to obtain the required reports or terminate funding – would also be retained. It would not, however, seem appropriate to impose a tax simply on shifting funds from one charitable activity to another; such monitoring of program efficiency and focus can better be performed by donors. For example, if a private foundation made a grant to a public charity to establish a study group for a specified purpose, and the public charity utilized the granted funds for another charitable program unrelated to the grant, a reporting program would usefully permit the donor foundation to enforce the grant terms by requiring adherence to the initial purposes of the grant. However, it would not seem to be appropriate to involve the Service in deciding whether an admittedly charitable expenditure is consistent with the program or purposes of a private foundation, especially in light of the policy of promoting independent charitable activity by donors and donees.

Commission Recommendation

6. That tax-exempt organizations, particularly funding organizations, recognize an obligation to be responsive to changing viewpoints and emerging needs and that they take steps such as broadening their boards and staffs to insure that they are responsive.[**]

Commentary

This recommendation would broaden the spectrum of institutional philanthropy: by generating diversified staffs and governing bodies with differing backgrounds; through adoption of programs that are responsive to emerging priorities; and (in the case of the largest foundations) by establishing a presence in various locations in the country.

The recommendation takes into account the need for "flexibility" in the nonprofit sector, and the dangers of its isolation from legitimate channels of social change. However, the inclusion on the governing body of a nonprofit organization (whether a private foundation or a public charity) of a "representative" of the public-at-large, of the government, or of any specific sector of society would not be required.

But to establish reliable expectations respecting greater responsiveness to existing and changing public needs, both public charities and private foundations should consider the following steps:

(1) Prior to a fixed deadline every exempt organization should review the present makeup of its governing body in relation to its objectives. Such a review does not imply that organizations should be forced to modify their objectives. There is a role for specialization, there is also a role for "venturesome" philanthropy as well as for support of traditional charitable causes. Rather the purpose of review should be to insure that the organization's governing body is responsively and effectively serving the organization's objectives, whatever they may be. Accordingly, the review should ascertain whether the governing body is receptive to, and reasonably representative of, the varying points of view and concerns in the fields of the organization's interests. To insure that the governing body will be receptive to current and changing needs and views in the organization's field, consideration should be given to broadening the governing body where there is a question whether, because of a narrowly based governing body, programs are less than fully responsive to needs.

For example, if a private foundation operates essentially in a greater metropolitan area and commits funds for various public charitable enterprises in the area, its governing body should inquire whether the foundation has responded (or more pertinently, can be expected to respond in the future) to the full range and diversity of requests for its funds. Are there, for example, arts, health, or other types of organizations not traditionally funded by the foundation which exist and which could have need for such funding? Are there new categories of organizations in disadvantaged neighborhoods which need funds and which have been ignored or unknown to the membership of the governing body in the past? If the foundation has historically not responded to such needs, the governing body should consider altering the foundation's program or appointing an additional member or members who would have knowledge of, and be receptive to, requests from such sources.

(2) Particularly with respect to private and "independent"[49] foundations, every effort should be made to determine that adequate staffs, in relation to the foundation's financial resources, have been engaged. Study should also be given to means by which such staff personnel may be recruited and trained in sufficient numbers, and to methods of developing professionalism in philanthropic administration and program work.

(3) Where a private foundation or operating charity does not have adequate resources to engage full-time staff personnel, consideration should be given to the sharing of staff personnel with other compatible organizations. For example, two or more smaller private foundations could jointly engage the services of an expert in a field or fields common to each.[50] Alternatively, such organizations could engage the services of a single person generally familiar with the problems of the local community in which the organization functions (without, of course, preempting the entire field of activity).

(4) No grant-making foundation should be required to explain in detail the reasons for the rejection of a grant request. However, each prospective grantee should be given reasonable assurances that the request, if responsibly presented within the field or fields of

the foundation's concerns, was in fact carefully and seriously considered. Foundations should, of course, remain in a position to make final decisions as to all grant applications.

Also, when rejecting requests for grants, foundations should make every effort to state as clearly as feasible – avoiding generalizations about the availability of funds – the reasons for denial and whether any modifications might reasonably be made that would increase the possibility of successfully securing a grant in the future.

(5) The Service could develop a reliable, current directory of all charitable organizations, with their addresses, indicating the availability of the annual report. Alternatively, if publication is deemed advisable, every charitable organization could independently publish notice of the availability of its annual report[51] in a journal of local circulation or, if the organization is a national one, of general circulation. Such a directory or notice could also give some indication of the interests of the organization.

Commission Recommendation

7. *That a new category of "independent" foundation be established by law. Such organizations would enjoy the tax benefits of public charities in return for diminished influence on the foundation's board by the foundation's benefactor or by his or her family or business associates.*[52]

Commentary

This recommendation would narrow distinctions between publicly supported charities and those private foundations which have, or can be expected to have, substantial public charity attributes. An "independent" foundation would be one that is independent in fact and not susceptible to the influence of the original donor. The majority of its governing officers would not be related to or employed by the donor, his family or business associates.

Such a foundation would be treated essentially as if it were a public charity, thus enabling it to receive gifts of property more readily and to function with respect to grants and transactions as if it were a public charity.[53] The ability of such independent foundations to receive corpus grants and to function more flexibly than private foundations should enhance the resources of the private foundation component of the nonprofit sector.

This recommendation could be implemented through the addition (for example, under section 170(b)(1)(A)) of a newly described category of organizations – the "independent foundation." Gifts to such an organization would be treated in the same manner as gifts to hospitals, schools, and other "public" charities, for federal income tax purposes. The Commission recommendations contemplate that rules corresponding to Chapter 42 (modified as recommended by the Commission) will be extended to all charitable organizations. If this should not occur, presumably Chapter 42 would continue to apply to independent foundations in the same manner as to private foundations.

To qualify as an independent foundation, an organization would be required to meet tests described in section 501(c)(3) and to establish that, as of the beginning of the taxable year, a majority of its governing board consisted of persons none of whom was a "related person." In implementing the definition of a "related person," concepts would be developed which take into account the definition of disqualified person as defined in section 4946[54] to the extent that these concepts are germane to the independent foundation recommendation. Such definition should assure that fiduciaries and others would be treated as "related persons" where – within a realistic frame of reference – their capacity for action and judgments which are independent of the donor or a disqualified person could not be established, or where family, business, or employment relationships exist which fairly call into question the independence of the individuals in their role as directors of the foundation. On the other hand, this definition should not be developed in such an all-encompassing manner that few, if any, foundations could qualify. The aggregate voting power held by all of the disqualified persons of an independent foundation must be less, under the governing instrument of the foundation, than the aggregate voting power held by persons who are not disqualified persons with respect to the foundation.

Commission Recommendation

8. *That all tax-exempt organizations be required by law to maintain "arms-length" business relationships with profit-making organizations or*

activities in which any member of the organization's staff, any board member or any major contributor has a substantial financial interest, either directly or through his or her family.[55]

Commentary

This recommendation would prohibit improper business dealings between a nonprofit organization and its governing body or substantial contributors. It would, however, permit dealings between such parties in aid of the organization and its beneficiaries, but under carefully scrutinized circumstances. The recommendation would be uniformly applied with respect to all charities, but to the extent feasible, interference with normal business transactions would be avoided.

The thrust of the recommendation contemplates the application of the pertinent principles of Chapter 42, appropriately modified,[56] to all section 501(c)(3) organizations.[57] In the case of an exempt organization other than a private foundation, the rules would apply to business dealings between a tax-exempt organization and persons associated with its governing board and officers (together with their families and entities, such as trusts, in which these persons may have an interest).[58] In the case of private foundations, the current definition of disqualified persons would continue to include substantial contributors and persons closely related to them.

In line with the Commission's recommendation, section 4941 could be amended to permit the occurrence of such transactions as loans, leases, purchases or sales of property and rendition of services between an exempt organization and a disqualified person under defined arm's-length circumstances. It is recognized that in the case of private foundations, transactions comparable to these were authorized until 1970 and prohibited thereafter because of difficulties of review.[59] The intensified audit program of the Service should, however, provide it with sufficient resources to maintain a comprehensive scrutiny of such transactions.

In specific situations a degree of administrative discretion would be vested in the Service to abate or excuse the penalty tax which would otherwise be applicable. For example, the tax might be abated where a reasonable and good faith (but unsuccessful) attempt was made to utilize arm's-length standards; this might occur, for example, where a transaction is entered into in reliance upon an independent appraisal by a qualified appraiser.

The statute and regulations thereunder would be drawn within particularly narrow confines in cases in which the transaction in question involves a disqualified person who controls (alone or through family or associates) a private foundation. In these instances, an affirmative showing that the transaction in question benefits the foundation would be required. By the same token, beneficial transactions proscribed by present law for private foundations would be permitted (for example, a fair lease which is favorable to the charity).

In the case of an independent foundation or a public charity, the self-dealing rules could be drawn with sufficient flexibility to enable the organization to engage in business dealings with officers or trustees under certain limited circumstances. Such dealings might be allowed where there is some important reason to do so, provided that (1) the parties deal at arm's-length, and (2) the transaction results in an overall economic benefit to the charity. Such rules would be coupled with a requirement that the charity disclose the full particulars of the transaction to the Service in advance. Certain acts, however, (for example, transactions involving excessive payments or charges, and loans to insiders) might be flatly prohibited for all organizations, including public charities and independent foundations.[60]

One method that might be considered to achieve the foregoing would be to utilize the procedures developed under section 4975[61] (applying penalty excise taxes on disqualified persons with respect to any transaction prohibited by ERISA with a qualified retirement plan). Section 4975 statutorily prohibits all transactions between the classes of parties specified unless the transactions fall within a specifically enumerated statutory exception.[62] Further, the Treasury has authority to issue administrative exemptions from these prohibitions, either on a class or an individual basis.[63] All of the exceptions permitted, whether statutory or administrative, have the effect of imposing an arm's-length standard.[64] This type of total prohibition, with specific exceptions for acceptable classes of arm's-length transactions, might be an appropriate method for implementing this recommendation. Experience gained under section 4975 should be useful in this regard.

It is not contemplated that the adoption of an arm's-length standard should in any way prevent or impede the enforcement of any state or local law imposing rules of conduct that are more strict than such standards. Thus, for example, a state law that now forbids transactions between officers or directors and their charitable organizations would not be affected by the imposition by an arm's-length standard for federal penalty excise tax purposes. Additionally, any improper benefits realized from self-dealing transactions should be recoverable via litigation instituted by state or federal authorities; such a rule, consistent with the policy of present section 4941 (which may impose a penalty tax upon the disqualified persons and foundation managers, but not on the foundation itself), would be preferable to imposition of a financial penalty upon the organization, which would have the effect of transferring assets from the affected organization to the government as the tax is paid.

Finally, to assist in the determination of fair market values for purposes of the suggested arm's-length standard, the Service might establish a program of enrollment or certification for appraisers.[65] By providing a means for ascertaining a value which the parties may rely upon with confidence, the Service would eliminate a major source of difficulty under both the proposed standard and present section 4941. Sanctions (such as the removal of "licenses" or the application of a penalty tax) could be used to safeguard against unethical or dishonest practices.

Commission Recommendation

9. That to discourage unnecessary accumulation of income, a flat payout rate of 5 percent of principal be fixed by Congress for private foundations and a lower rate for other endowed tax-exempt organizations.[66]

Commentary

This recommendation would assure that both private foundations and endowed operating charities distribute or apply for direct operational charitable purposes reasonable amounts annually, sufficient to prevent unjustified accumulation of income, but also not in such great amounts as to cause erosion of principal.

The Commission recommendation respecting the rate of "payout" applies to all section 501(c)(3) organizations with endowments. The payout rate of 5 percent[67] would be fixed to permit prudent management of the organization's principal funds. Because financial circumstances change over time, however, the 5 percent rate could be reviewed after a period, such as five years, and, if appropriate, (after hearings) changed by the Congress at the expiration of that period.[68]

Although a payout rule was thought to be desirable for all charities receiving investment income, in the case of organizations other than private foundations the payout rate could be set at a lesser percentage (such as two thirds of the flat amount).[69]

In the case of an operating charity, the payout requirement would be satisfied if the funds subject to the payout were used for the direct conduct of the organization's activities, including the acquisition, construction and maintenance of buildings or other facilities, the acquisition of art objects by museums, or other comparable expenditures.[70]

Liberal set-aside provisions might be incorporated in the statute. Thus an operating organization would be considered to have satisfied the payout requirement if satisfactory proof is offered of the need for retention or accumulation of funds for an extended period, for example, to construct a building, to acquire an art object, or other long term project. Exceptions from the immediate payout rule could also be made in the case of newly formed (or newly and substantially enlarged) charities or foundations. Time should be provided to enable these organizations to formulate plans for the orderly utilization of their assets.

The Commission did not recommend distinctions between private foundations and other charitable organizations insofar as the management of investments is concerned. Under section 4944 of present law, a foundation and its managers are held accountable if investments are made which "jeopardize" any of its exempt purposes. Published reports of isolated examples of improvident and improper investments by some exempt organizations other than private foundations has recently come to public attention. Because no evidence has appeared which would suggest that section 4944 (now applicable solely to private foundations) has been administered in a burdensome manner, its application to all nonprofit organizations appears appropriate. To preclude possible overzealous application of penalty rules, the special internal appeals procedure described *infra* could be made available in administering section 4944.[71]

Because the Commission's recommendation did not except churches and church-affiliated organizations from either the payout or investment management rule, their application to these bodies can be contemplated, although government might decline to inquire into church funds used for sacramental purposes. Thus, a church could secure exoneration from the investment rule by separately earmarking or otherwise establishing that portion of its funds the income of which is used for endowment purposes. For this purpose, no "tracing" would be required. If, for example, one third of a church's investment income was found to be used in support of its direct and indirect sacramental activities, one third of its endowment would be excepted from both the payout and investment rules.[72]

Commission Recommendation

10. *That a system of federal regulation be established for interstate charitable solicitations and that intrastate solicitations be more effectively regulated by state governments.*[73]

Commentary

This recommendation would reinforce public confidence in the integrity of solicitation processes of nonprofit organizations and establish procedures to assure that fund-raising and administrative costs will not be excessive in amount.

The recommendation contemplates that the federal government, the states and localities, as well as nonprofit organizations themselves, take prompt and concrete steps to assure the public that the solicitation practices of nonprofit organizations are rational and reasonable. These steps should assist in this process:

With Respect to Interstate Solicitation

Because of widespread interstate solicitation activities, lack of uniformity in state action, and the importance of federal income tax exemption to these efforts, it is believed that the federal government can and should play the primary role in regularizing interstate solicitation practices. Using existing facilities and authority, the Service should require (on Form 990 or other forms specially adapted) the disclosure of solicitation and administrative costs in accordance with generally accepted accounting principles.[74] Such solicitation information would be required from the same sizes and categories of organizations as those now required to file Schedule A of Form 990, as well as organizations operated exclusively for religious purposes.[75]

In order to reduce duplication and to minimize the registration requirements applicable to organizations involved in interstate commerce, the federal statute governing reporting and registration for organizations involved in interstate solicitation could provide for the preemption of state laws regarding registration and reporting for solicitation activities. To provide the states adequate information with which to administer their own laws, the federal statute could require that any entity registering with the Internal Revenue Service must file signed copies of the Form 990 (or other form used to report to the Service) with the attorney general of each state with which it has any substantial contact. Such filing would be in lieu of the varied state forms now required. While organizations involved in interstate solicitation would still have a multiplicity of reporting requirements, they would be relieved from the onerous burden, currently existing, involving satisfaction of a variety of different laws in each state in which they operate. An intergovernmental task force could formulate more effective rules and procedures, and otherwise facilitate coordination and cooperation among federal and state governments.

In the foregoing manner, each state could be assured of receiving adequate notice and financial information regarding solicitation activities conducted within its borders. Organizations, at the same time, would benefit from a simplifed procedure for registration and reporting. The preemption for interstate solicitation would also be applicable to any local government registration and reporting requirements. The attorney general of the state could be made responsible to submit or make available to such local government copies of any Form 990 received, if the state so required. Federal preemption of interstate solicitation is not intended in any way to affect the state's authority to require its own registration and reporting for organizations involved solely in intrastate solicitation.

A new federal office could be established, for example, within the Treasury Department (which includes the Internal Revenue Service), to oversee charitable solicitations, to assure full public disclosure and to institute administrative and judicial proceedings to discourage, and eventually eliminate, with adequate sanctions, the dissemination of deceptive or misleading information and to require the registration (and possibly bonding) of professional fund raisers.

Disclosure requirements could include rules requiring the furnishing to each solicited person of a governmentally approved "disclosure statement," the filing with the Service of financial information, and data respecting compensation paid to key officers and employees, and the imposition of a penalty tax in appropriate cases.[76]

While such rules would be consistent with the recommendation of the Commission, there are overriding concerns which operate independently of any specific legislative proposals. These concerns involve primarily the need to fashion a system which will produce full disclosure of the desired information at a minimum cost (in terms of money, time, and disruption) to the affected organizations. Such organizations operate, in many cases, with marginal resources and should not be needlessly burdened with excessively complex or impractical requirements. For example, it may be more efficient to provide, in lieu of the "disclosure statement" requirement outlined above, that persons solicited be advised that such information is available upon request.

It is contemplated that an "Office of Nonprofit Solicitations" would be granted equitable powers to enjoin solicitation, to mandate public disclosures where needed, and to publish and disseminate criteria respecting fund-raising and administrative costs.

Apart from the establishment of criteria and enforcement of disclosure rules, no specific percentage limitations would be applied respecting limits on costs for administration and fund raising. Consistent with policies which underlie the securities acts,[77] full ventilation of these practices would leave to the general public the determination of propriety in individual cases. If, after a reasonable period of experience, modifications were considered necessary, corrective legislation could then be enacted.

The new office would be responsible for assuring prompt public access to solicitation literature in proper form (with notice respecting availability of fuller financial data at the headquarters of the soliciting organizations). This special office might be supplemented by and guided by an accrediting organization, which would review the finances of and certify all exempt organizations whose solicitation practices are found to merit approval.[78]

The locus within the federal establishment for the new office should be determined after all of its duties and responsibilities are firmly ascertained. Unless, however, a compelling circumstance requires that the office be located outside the Treasury Department, the intimacy of the ongoing relationship with the Service suggests that, on balance, an office located within the Treasury would lend itself most readily to efficient administration. The creation and administration of standards respecting solicitation should in no way interfere with the Service's customary audit procedures.

Alternatively, if preemptive federal laws are not enacted, the responsibilities of charitable organizations that solicit in a variety of states should also be greatly simplified. If federal and state harmonization is effected, uniform filings (or a central place in which such filings could be made) would alleviate the multiplicity and variety of registrations now required. The establishment of a joint federal-state task force may well be appropriate to formulate recommendations for harmonization.

With Respect to Intrastate Solicitation

The *Report of the State Attorneys General* to the Commission points up the need for further state action with respect to the regulation and supervision of intrastate charitable solicitation practices.[79] Representatives from the various states which already have charitable solicitation statutes, together with those which are considering them, should consult with federal authorities in this regard. In this connection, again, an intergovernmental task force could serve a useful function. State and federal laws, as well as the various state laws, should be harmonized, and where feasible, made uniform. Information obtained through the filings with the Service should be made available to the states for local processing.[80]

With Respect to Self-Regulation

Although past experience indicates that self-regulation cannot be relied upon to produce the safeguards envisaged with respect to the legislative and administrative processes described above, charitable organizations could, within the framework of the Commission recommendations, immeasurably fortify public confidence in the credibility of their solicitation and administrative practices by adopting practices such as these:

(1) Among comparable charities, objective criteria respecting fund-raising and administrative expenses should be developed and publicly announced.

(2) Committees of comparable charities should be organized and consult regularly with federal and state authorities to ascertain areas of abuse and to propose remedies for their solution.

(3) Organizations, such as the Better Business Bureau and the National Information Bureau, if funded to a much greater degree, could expand their investigations and more fully disseminate their findings within the nonprofit sector, and ultimately, to the public at large.

Commission Recommendation

11. *That as a federal enforcement tool against abuses by tax-exempt organizations, and to protect these organizations themselves, sanctions appropriate to the abuses should be enacted as well as forms of administrative or judicial review of the principal existing sanction – revocation of an organization's exempt status.*[81]

Commentary

This recommendation would provide a variety of flexible sanctions to be imposed by administrative agencies and the courts upon nonprofit organizations in appropriate cases, thereby enabling the rectification of abuses without necessarily revoking the organization's tax-exempt status. Also to be developed would be both administrative and judicial appeal processes to assure that affected exempt organizations would have full opportunity to test the validity of sanctions before their actual imposition.

Present law provides inadequate remedies respecting abuses of exempt organization status by nonprofit organizations. The federal courts possess equity powers which could be asserted in cases of abuse of trust, but there is no indication that these powers are or can be adequately asserted on a day-to-day basis.[82] Except in the case of private foundations (which are subject to regulatory excise provisions of Chapter 42), revocation of exempt status remains the principal tool available to the Service. The drastic effect of this remedy has caused the Service to be reluctant to seek the penalty of revocation. Where it does, time-consuming and costly litigation can result. By the same token, denial of exempt status when initially sought results in burdensome and often fatal delay to the organization seeking exemption. And the mere threat of sanctions doubtless inhibits many organizations from functioning effectively, if at all.

During the course of its deliberations, the Commission was made aware of legislation pending in the Congress which would establish procedures whereby an organization seeking exemption could also petition the U.S. Tax Court or the appropriate U.S. District Court for a declaratory judgment as to its exempt status under section 501(c)(3).[83] While this would represent a major beneficial step, additional, and more varied, remedies are needed, both from the standpoint of the organization and its managers, and also from the standpoint of the government.

The Commission's recommendation respecting sanctions could be implemented as follows:

(1) Provisions comparable to section 4945(d)(5) (treating as a taxable expenditure any amount paid or incurred by a private foundation for other than a charitable purpose) would be applied to all organizations exempt under section 501(c)(3), thus providing a means for limiting noncharitable expenditures in a greater range of institutions. For example, amounts expended for direct electioneering (and therefore, not an appropriate charitable activity) if carried on by a "public" charity would fall within the scope of this provision. As under Chapter 42, monetary penalties would be assessed against the organization and those members of its governing body who participated in the improper act. The Service might be given discretion to waive such penalties if the organization demonstrates reasonable cause for its action or omission.

(2) The Service could establish an internal appeals procedure to operate with respect to any question within the jurisdiction of the Office of Assistant Commissioner, Employee Plans and Exempt Organizations. Before the imposition of any penalty excise taxes (such as those now applied under Chapter 42 and those which may be imposed if that chapter is expanded to cover other categories of exempt organizations), the new appeals procedure would be made available.[84]

The new procedure could conceivably also be utilized in defining new areas of charitable activity. For example, public interest law firms were, according to some estimates, slow to receive recognition as charitable activities under section 501(c)(3). Under the appeals procedure, the appeals body (and the staff that supports it) would be available to facilitate examination of such emerging charitable activities. In this manner, fears, sometimes alleged,[83] that fair and objective review is not given by the Service may be allayed.

The appeals body would consist of persons with experience in various areas of charitable activity.[84] Such a group would be expected to exercise its own independent judgment, within, of course, the framework of the Service's general administrative structure. This procedure would be available after the standard administrative appeals (including the Appellate Division Conference) have been exhausted. Special time constraints could be imposed upon the Service to assure prompt resolution of issues reviewed under the new procedure; further, organizations desiring to utilize declaratory judgment procedures could be given the right to waive administrative review by the Service.[85]

In prosecuting an appeal, the person against whom a deficiency is asserted would be furnished an opportunity to present arguments rebutting those which give rise to the proposed deficiency at the National Office level. If processing of such appeals involves a substantial number of cases, the matters could (along with other aspects of administration in the exempt organization field) be resolved at levels below the National Office.

(3) The Justice Department, acting at the instance of the Service and the Treasury, would be empowered to seek to enjoin noncharitable acts that do not involve monetary expenditures and otherwise to seek equitable remedies short of revocation of exemption in appropriate cases. The U.S. District Courts would be granted residual equity jurisdiction to take appropriate corrective measures on the motion of the Justice Department in instances where state authorities having jurisdiction fail to take action within an appropriate period (for example, 120 days, or longer, if such state authorities request an extension) to correct an improper course of action by a charitable organization. The potential for such intervention should foster a uniformly high level of adherence to charitable standards.

Commission Recommendation

12. *That nonprofit organizations, other than foundations, be allowed the same freedoms to attempt to influence legislation as are business*

corporations and trade associations, that toward this end Congress remove the current limitation on such activity by charitable groups eligible to receive tax-deductible gifts.[88]

Commentary

This recommendation would remove limitations on the right of nonprofit organizations to engage in legislative activity. Because of the strictures of present law, the public is deprived of the expertise of these organizations except in narrow and ambiguously defined circumstances.

The restrictions under present law whereby charitable organizations are prohibited from engaging in any "substantial" legislative activities should be eliminated, thus placing such organizations on a parity with trade associations, labor unions, business interests, and other organizations. The Commission was made aware of proposals by the American Bar Association Section of Taxation and others[89] which would permit only limited authority to engage in legislative activities. In lieu of such an approach, however, the recommendation would bring a general elimination of restrictions, with the following exceptions:

(1) An organization would not be accorded exemption under section 501(c)(3) if it is formed or availed of for the principal purpose of conducting federal, state, or local legislative activities. Instead, legislative activities would have to relate to, and be subordinate to, exempt programs of the organization. It is recognized that factual problems may arise respecting the determination of the circumstances in which legislative activities constitute the "principal purpose" of the organization. Although problems of interpretation will persist, substantially greater latitude for the conduct of legislative activities will, notwithstanding, be provided. Under the Commission's recommendation, an activity respecting legislation will be presumed to be consistent with the exemption so long as the organization establishes that it conducts additional, meaningful, nonlegislative, charitable activities, and that these activities are the principal activities of the organization.

(2) No charitable organization could engage in activities in support of or opposition to the campaign of any individual for public office.

III

A PERMANENT COMMISSION

Commission Recommendation

*That a permanent national commission on the nonprofit sector be established by Congress.***

Commentary

The means by which this recommendation might be implemented are fully described in the report of the Commission, *Giving in America*, at pages 185-193, and alternatives are now under consideration by various groups in the nonprofit sector.

Footnotes

1. Unless otherwise indicated, all section references herein are to the Internal Revenue Code of 1954, as amended, and Treasury Regulations promulgated thereunder. The Treasury Department will be referred to hereinafter as the "Treasury," and the Internal Revenue Service as the "Service." The studies cited are research materials sponsored by or prepared for the Commission, unless indicated by an asterisk preceding the citation.

2. Robert H. Bremner, "Private Philanthropy and Public Needs: Historical Perspective" (1975), discussing the doctrine of stewardship and the development of voluntary associations for religious and benevolent purposes.

Stuart M. Lewis, ed., "A Study of Religious Receipts and Expenditures in the United States" (1975), Interfaith Research Committee of the Commission on Private Philanthropy and Public Needs, surveying the sources of funds received by church-related philanthropies as well as the areas in which these resources are spent.

James N. Morgan, Richard F. Dye, and judith H. Hybels, "Results From Two National Surveys of Philanthropic Activity" (1975), discussing the effects of the itemized deduction as an inducement to charitable giving, as well as describing the magnitude and sources of money and property donated to the nonprofit sector.

Michael S. Koleda, Daniel P. Bourque, and Randall C. Smith, National Planning Association, "Foundations and the Federal Government: A Look at Spending Patterns" (1975), comparing and analyzing foundation spending categories of philanthropic activity with federal government expenditures.

Ralph L. Nelson, "Private Giving in the American Economy, 1960-1972" (1975), describing the decline in receipts in the nonprofit sector relative to other segments of the American economy.

Gabriel G. Rudney, "Scope of the Private Voluntary Charitable Sector" (1975), describing earnings, contributions, government grants to the philanthropic sector.

T. Nicholaus Tideman, "Employment and Earnings in the Nonprofit Charitable Sector" (1975), detailing effects of rising prices and wages on the nonprofit organization's ability to provide services and raise contributions as well as the use of philanthropic funds for employment in the charitable sector.

Burton A. Weisbrod and Stephen M. Long, "The Size of the Voluntary Nonprofit Sector: Concepts and Measures" (1975), depicting the size of the voluntary nonprofit sector in terms of output and revenue from various sources.

3. For studies relating to the various philanthropic fields of interest, see:

Robert J. Blendon, "The Changing Role of Private Philanthropy in Health Affairs" (1975), reviewing past and present philanthropic activities in the areas of health and medical affairs and how the public sector's contribution has changed.

Blair T. Bower, "The Role of Private Philanthrophy in Relation to Environment/Pollution" (1975), exploring recent philanthropic activities in areas of environmental concern and comparisons of public and private efforts in this area.

Earl F. Cheit and Theodore E. Lobman, III, "Private Philanthropy and Higher Education: History, Current Impact, and Public Policy Considerations" (1975), detailing the nine principal ways in which private philanthropy serves higher education as well as the importance of philanthropy to higher education in the future.

Bice Clemow, ed., "The Anatomy of Giving: Five American Cities" (1975), reporting on the results of organized visits to five American cities – Atlanta, Cleveland, Des Moines, San Francisco, and Hartford – and examines the anatomy of giving as represented by perceptions of various people involved in philanthropy in these cities.

Wilbur J. Cohen, "Some Aspects of Evolving Social Policy in Relation to Private Philanthropy" (1975), exploring the continuing and changing role of private philanthropy, particularly with respect to large foundations, in an age when government is assuming a greater number of the charitable functions once reserved to the private sector in the social services field.

Donald A. Erickson, "Philanthropy, Public Needs, and Nonpublic Schools" (1974), characterizing the public purposes of the nonpublic school, the decline in enrollments and number of nonpublic schools in the past 10 years.

Caryl P. Haskins, "The Role of Private Philanthropy and Public Support of Science in the United States" (1975), observing the varying characteristics and requirements, as well as roles of scientific activity and what goals we hope to achieve in supporting science.

Caroline Hightower, "A Report on the Arts" (1975), reporting on the growth and needs of the arts in the United States for financial support.

Hans H. Jenny and Mary Ann Allan, "Philanthropy in Higher Education: Its Magnitude, Its Nature, and Its Influence on College and University Finance" (1975), examining the dependence of colleges and universities upon philanthropic support and assessing proposals concerning the future of philanthropic endeavors.

Janet Koch and Thomas W. Richards, "The Role of Philanthropy in the Environmental Field: Preservation of Natural Lands and Historic Properties" (1975), discussing the merits of private as opposed to federal funding of the acquisition and protection of land and historical properties.

Robert L. Lamborn, Cary Potter, and Al H. Senske, "The Nonpublic School and Private Philanthropy" (1974), surveying dimensions of nonpublic elementary and secondary education in the United States, the public purposes of nonpublic schools, and the dependence of the nonpublic schools on philanthropic support.

National Center for Voluntary Action, "A Report on Voluntary Activities and Leadership Opinion" (1975), surveying voluntarism at the local level.

United Way of America, "A Study of the Quantity of Volunteer Activity of United Way and Its Member Agencies" (1974), describing the magnitude of volunteer hours of United Way community service activity during 1973 in the fields of health, welfare, informal education, recreation and leisure, and contrasting these hours with the amount of paid hours for work by professionals in these fields.

Joseph L. Vigilante and Ruth Kantrow, "The Voluntary Social Agency Experiments, Innovates, Demonstrates, and Influences Public Social Policy: The Community Service Society of New York 1930-1970" (1974), reviewing the activities of one large metropolitan voluntary agency, the Community Service Society of New York.

Institute of Public Affairs, Inc., "A Philanthropic Profile of Four Cities: Atlanta, Cleveland, Des Moines, and Hartford," (1975), surveying the role of private philanthropy in meeting human needs in the cities of Atlanta, Cleveland, Des Moines, and Hartford.

A.M. Wiggins, Jr., and Bert W. Hunt, "Tax Policy Relating to Environmental Activities and Public Interest Litigation" (1975), examining the tax treatment of environmental activities and public interest litigation.

Ellen Winston, "Some Aspects of Private Philanthropy in Relation to Social Welfare" (1975), explaining the increasing proportion of public funding of social welfare services and the necessity for private social agencies having a variety of funding sources so that they do not become largely dependent on federal funds.

4. For the year 1975, taxpayers were not required to append to Form 1040 any detailed information concerning charitable contributions made in cash for which the taxpayer has receipts or cancelled checks, other than the total amount of such contribution made. See Form 1040, Schedule A (1975).

5. See p. 15 et seq., infra.

6. Michael J. Boskin and Martin S. Feldstein, "Effects of the Charitable Deduction on Contributions By Low-Income and Middle-Income Households: Evidence From the National Survey of Philanthropy" (1975), analyzing the philanthropic activity of low-and middle-income households and the effects of inducements on their charitable giving pattern.

Martin S. Feldstein, "Estimating Separate Price Elasticities By Income Class" (1975), indicating the extent to which different income classes are affected by the deduction and the effect of the deduction on the giving patterns to various types of donee organizations.

Martin S. Feldstein and Charles Clotfelter, "Tax Incentives and Charitable Contributions in the United States: A Microeconometric Analysis" (1975), discussing the effects of the income tax treatment of deductions for charitable contributions as an inducement to giving.

7. Edmund C. Bennett, "Treatment of Volunteer Services and Related Expenses Under the Internal Revenue Code" (1975), commenting on the treatment of voluntary services and related expenses indicating that volunteer services would not be deductible but that expenses associated with them would be.

Gerard M. Brannon and James Strnad, "Alternative Approaches to Encouraging Philanthropic Activities" (1975), discussing a system of federal grants to the beneficiaries of philanthropy including programs such as tuition subsidy approach.

George F. Break, "Charitable Contributions Under the Federal Individual Income Tax: Alternative Policy Options" (1975), depicting the effect upon charitable giving of alternative options under the federal individual income tax system, including the effect of elimination of the charitable contribution deduction and the substitution of a matching grant system.

Paul R. McDaniel, "Study of Federal Matching Grants For Charitable Contributions" (1975), exploring the effect upon giving in aggregate and giving by income classes of a program of federal matching grants for contributions.

Morgan, Dye, and Hybels, "Results From Two National Surveys of Philanthropic Activity," note 2, supra.

Aaron Wildavsky and David Good, "A Tax By Any Other Name: The Donor-Directed Automatic Percentage Contribution Bonus, A Budget Alternative For Financing Governmental Support of Charity" (1975), evaluating four alternatives for providing governmental support for charity – the existing tax write-off, a tax credit, a sliding matching grant and a percentage contribution bonus – in terms of their effects on the donors and recipients of charitable giving.

8. Dissents were filed disagreeing with the amplified, on the grounds that the tax credits would be preferable.

9. Gross income is used instead of adjusted gross income in order to simplify the computation. Items such as exempt municipal bond interest could be added to gross income for purposes of computing these limits.

10. In lieu of a phase-in utilizing tables, consideration might be given to (1) a modified phase-in with larger steps (*e.g.*, rounded to the nearest 5%) over a larger segment of gross income; (2) an

immediate change in the applicable percentage when gross income exceeds $15,000 or $30,000, with no phase-in; or (3) a formula reduction, *e.g.* a deduction equal to 200 percent of contributions reduced by some percentage of income in excess of $15,000.

11. A stricter standard of proof may be required in the case of the amplified deduction in light of the opportunities for abuse. Experience with the provision may, of course, generate administrative mechanisms which would obviate this.

12. See p. 35 et seq., infra.

13. Although questions can be raised as to the appropriateness of allowing the extended and amplified deductions for gifts to private foundations, circumstances can be envisioned which might make the allowance appropriate. For example, a museum may be classified as a private operating foundation but nevertheless may depend upon contributions as a source of support.

14. For discussions of the manner in which the charitable deduction functions, see:

Theodore A. Kurz and Barbara P. Robinson, "Explanation and Analysis of Split-Interest Gifts to Charity" (1974), describing the methods of making, and the tax treatment of, gifts in trust with charitable beneficiaries including the changes in those methods made by the Tax Reform Act of 1969.

John A. Wallace and Robert W. Fisher, "The Charitable Deduction Under Section 170 of the Internal Revenue Code" (1975), analyzing the operation of section 170 and describing its complexities.

15. "Foregone" revenues resulting from the charitable contributions were estimated at $4.62 billion out of $246.9 billion in revenues received during fiscal year 1974. *Office of Management and Budget, *Special Analyses of the Budget of the United States Government for Fiscal Year 1976* (Washington, D.C.: Government Printing Office, 1975), Table F-1, p. 108.

16. See Public Law 94-455 (October 4, 1976).

17. See new Code section 57(b)(1), which was added by §301(c) of the Tax Reform Act of 1976. "For purposes of paragraph (1) of subsection (a) [which adds to items of tax preference an amount equal to the 'excess itemized deductions' for the taxable year] the amount of excess itemized deductions for any taxable year is the amount by which the sum of the deductions for the taxable year other than –

(A) deductions allowable in arriving at adjusted gross income,

(B) the standard deduction provided by section 141,

(C) the deduction for personal exemptions provided by section 151,

(D) the deduction for medical, dental, etc. expenses provided by section 213, and

(E) the deduction for casualty losses described in section 165(e)(3), exceeds 60 percent (but does not exceed 100 percent) of the taxpayer's adjusted gross income for the taxable year."

exceeds 70 percent (but does not exceed 100 percent) of the taxpayer's adjusted gross income for the taxable year."

18. In his statement before the Senate Finance Committee on March 17, 1976, Secretary William E. Simon expressed the Administration view respecting the minimum tax and the charitable contribution deduction as follows:

> ". . .we have carefully structured our present MTI proposal to avoid completely all impact on charitable contributions. Under our proposal, charitable contributions, no matter how large, will not be an item of tax preference."

19. See the House-passed version of The Tax Reform Act of 1969 [H.R. 13270, 91st Cong., 1st Sess. §302 (1969)] which proposed that the deduction normally allowed for allocable expenses (*e.g.*, charitable contributions, medical expenses, taxes, etc.) be disallowed to the extent of the lesser of (1) the sum of such expenses multiplied by a fraction the numerator of which is the allowable tax preference and the denominator of which is the sum of allowable tax preferences plus modified adjusted gross income or (2) the allowable tax preferences. "Allowable tax

preferences" were defined as the excess over $10,000 of the *total* of items of tax preference, and "modified adjusted gross income" as taxable income plus allocable expenses.

20. For a discussion of the history of the development of the charitable deduction for gifts of appreciated property, see:

Harry K. Mansfield and Ronald L. Groves, "Legal Aspects of Charitable Contributions of Appreciated Property to Public Charities" (1975), characterizing the workings of the present allowance as well as the merits and problems of the allowance as it currently exists.

For consideration of an alternative to the present treatment of appreciated property, see:

Gerard M. Brannon, "A Pro-Charity Substitute For the Present Tax Law Treatment of Appreciated Property Contributed to Charity" (1975), suggesting an augmented deduction for gifts of appreciated property as a means of eliminating the benefits which the author finds are today concentrated among the very wealthy.

21. For a discussion of the need for such a standard see: Mansfield and Groves, "Legal Aspects of Charitable Contributions of Appreciated Property to Public Charities," note 20, supra.

22. If more than one gift of appreciated property were involved, all such gifts would be aggregated for the purposes of this calculation.

23. The taxpayer's marginal tax bracket used in this computation would equal the tax rate applicable (ignoring the minimum tax on preference income) to the taxpayer's last $1 of income computed without regard to any reduction attributable to the charitable contribution.

24. The constructive sale computation would encompass both the capital gains and any additional tax generated by the minimum tax on preference income.

25. This assumes that the taxpayer was taxed at the maximum capital gains rate and was subject to tax on preference income.

26. For example, assume a taxpayer with a $20,000 contribution base contributes $2,000 in cash and $8,000 in appreciated property to a public charity and $2,000 to a private foundation. The taxpayer receives a charitable contribution deduction of $10,000 with a $2,000 carryover since the appreciated property gift exceeded the 30% limit of section 170(b) (1) (D) by that amount. However, the $2,000 gift to the private foundation is not deductible and cannot be carried over, even though it is within the 20% maximum limit of section 170(b) (1) (B) (i).

27. For empirical data respecting the effect of the charitable contribution deduction on bequests, see:

Michael J. Boskin, "Estate Taxation and Charitable Bequests" (1975), describing the "efficiency" of the charitable bequests deduction by applying formulas to the top 7% of estates.

Martin S. Feldstein, "Charitable Bequests, Estate Taxation, and Intergenerational Wealth Transfers" (1975), assessing the strength of the incentive provided by the charitable bequest deduction.

28. For discussions of the merits of the present charitable bequest deduction and of various alternatives to the present approach, see:

John Holt Myers, "Estate Tax Deduction For Charitable Benefits: Proposed Limitations" (1975), supporting a continuation of the present law.

Emil M. Sunley, Jr., "Dimensions of Charitable Giving Reported on Federal Estate, Gift, and Fiduciary Tax Returns" (1975), describing the amount of charitable gifts reported on federal, state and fiduciary returns for the period 1954 through 1970.

Richard E. Wagner, "Death, Taxes and Charitable Bequests: A Survey of Issues and Options" (1975), examining the tax treatment of charitable bequests and suggesting that charitable bequests are sacrifices of personal consumption justifying the charitable bequest deduction.

David Westfall, "Proposed Limitations on the Estate Tax Deduction For Charitable Transfers" (1974), recommending that a floor and ceiling be added to the present charitable bequest deduction.

29. Adam Yarmolinsky, "Philanthropic Activity in International Affairs" (1975), describing the role and range of private philanthropy in private foreign aid and international affairs, education,

and research, as well as the levels of private and public spending in these areas and the rationale for continued private spending.

30. See Rev. Rul. 69-80, 1969-1 C.B. 65, allowing a deduction for a contribution by a domestic commercial corporation to a domestic charitable corporation, even though the contribution is used in a foreign country.

31. R. Palmer Baker, Jr., and J. Edward Shillingburg, "Corporate Charitable Contributions" (1975), describing the present tax rules regarding both direct corporate giving and giving through company foundations, the latter of which is increasingly being used by corporations.

James F. Harris and Anne Klepper, "Corporate Philanthropic Public Service Activities" (1975), surveying the present scope of corporate philanthropic activity, the effect of tax changes upon such activity, and the opinions of company officials on the motivations prompting corporate gifts of money and time.

C. Lowell Harriss, "Corporate Giving: Rationale, Issues, and Opportunities" (1975), examining means of expanding corporate philanthropic activity through further tax incentives and greater social responsibility on the part of corporations.

Milton Moskowitz, "Corporate Charitable Contributions and Corporate Social Responsibility" (1975), discussing corporate philanthropic activity as an acknowledgement by corporate donors of social demands being imposed upon them.

Thomas Vasquez, "Corporate Giving Measurements" (1975), examining the amounts of corporate giving both in terms of the size of the corporate donor and the percentage of pretax incomes.

32. Harris and Klepper, "Corporate Philanthropic Public Service Activities," note 31, supra. This broader base of information would encompass data respecting: (1) the mechanisms involved in determining the manner in which a corporation calculates its total giving level; (2) the allocation of the total amount committed to charity among different categories of recipients; (3) the priorities and criteria it applied in selecting specific grantees; and (4) the circumstances which obtain in causing a business entity to commit significant resources to charity in light of responsibilities to distribute earnings to shareholders. See also pp. 20-21 et seq., infra.

33. For example, the amount of the deduction could be limited to a percentage of value in excess of cost with clear rules confining the term value to the wholesale price which the company would itself realize.

34. Arthur Andersen & Co., "Overview of Governmental Support and Financial Regulation of Philanthropic Organizations in Selected Nations" (1975), providing an overview of governmental support and financial regulation of philanthropic organizations in Australia, Canada, England, France, West Germany, Italy, Japan, and Sweden.

R.M. Bird and M.W. Bucovetsky, "Taxation and Philanthropy in Canada" (1975), exploring the taxation of philanthropy in Canada and asserting that recently enacted tax measures have resulted in a decrease in charitable bequests.

Arthur Jack Grimes, "The Fund-Raising Percent as a Quantitative Standard For Regulation of Public Charities, With Particular Emphasis on Voluntary Health and Welfare Organizations" (1975), discussing fund-raising costs as a percent of total receipts of health and welfare organizations to provide an indicator of agency efficiency in raising money.

Accounting Advisory Committee (Malvern J. Gross, Jr., R. Kirk Batzer, Delford W. Edens, and Timothy J. Racek), "A Study of the Inadequacies of Present Financial Reporting by Philanthropic Organizations" (1974), reporting the need for a uniform system of accounting for nonprofit corporations through development of a uniform set of accounting principles to be used by all nonprofit organizations and presenting a proposed standard accounting report.

Peter G. Meek, "Self-Regulation in Private Philanthropy" (1974), analyzing past experiences in self-regulation by nonprofit organizations and suggesting that self-regulation has proved an ineffective system for enforcing standards necessary to insure the appropriate use of tax-exempt funds.

Donald R. Spuehler, "The System For Regulation and Assistance of Charity in England and Wales With Recommendations as to Establishment of a National Commission on Philanthropy in the United States" (1975), describing procedures employed by the Charity Commission in the United Kingdom and regulatory practices in that country.

35. Special consideration might be given to the disclosure to be required from a corporation making all or most of its contributions to a "company foundation," provided a workable definition of this term can be formulated.

36. See Treas. Regs. §1.6033-2(g) (4) (1969).

37. Cf. Proposed Treas. Regs. §1.6033-2(g) (5), 41 Fed. Reg. 6073 (1976).

38. "Each report should include at least the following information: name, address, purpose and founding date of the organization; names of trustees or directors or other governing persons; names and titles of paid officers; description of program and priorities, explanation of the criteria that are taken into account in accepting or rejecting requests for funds, products or services and, if the organization is a foundation, a list of grants made in the previous year, their recipients, purposes and amounts; financial information, including: a statement of income, including sources and amounts; a statement of expenditures including administrative expenditures; a balance sheet; a list of investments held; and opinion of independent auditors." Commission on Private Philanthropy and Public Needs, *Giving in America* (1975), p. 165.

39. Conceivably, regulations under this provision could establish, with the cooperation of accounting profession, principles of uniformity in a context consistent with general accounting principles.

40. That an operating charity also maintains an endowment in direct support of its operations would not normally cause it to fall within the annual meeting rule, even though funds are expended for grants to individuals (for example, scholarships granted to students by a college). On the other hand, an operating charity which maintains a grant-making program independent of its operating program would be included, but only with respect to its grant-making program.

41. Compare the penalties under section 6652(d) for failure of an exempt organization to file returns.

42. Council on Foundations, Inc., "Private Foundations and the 1969 Tax Reform Act" (1975), describing, *inter alia,* the burdens upon beneficiaries of the 4% tax and suggesting action for foundations to guard against future punitive legislation and for government to accord foundations more equal treatment with other charities.

National Planning Association, "Foundations and the Federal Government: A Look at Spending Patterns," note 2, supra.

43. See David Ginsburg, Lee R. Marks, and Ronald P. Wertheim, "Federal Oversight of Private Philanthropy" (1975), considers the present relationships between the federal government and private philanthropy and concludes that the Internal Revenue Service should continue to determine what organizations are "charitable" and to audit such organizations.

44. To reach full effectiveness, this procedure should be sufficiently comprehensive and current so that organizations seeking exempt status will have knowledge, in advance, of guidelines with which they must comply. Further, the public would have the information respecting the manner in which the Service's ideological neutrality is applied in actual practice.

45. When it becomes possible to revise information on the return (or through separate survey), the Service could determine expenditures which benefit charities but which may be otherwise listed under some expense category such as public relations or promotion.

46. This information could be made available with respect to unincorporated businesses, as well, even though, in the case of partnerships, a contribution is actually deducted on the returns of the individual partners.

47. Council on Foundations, Inc., "Private Foundations and the 1969 Tax Reform Act," op. cit., describing the inhibiting effect of the expenditure responsibility provisions upon the making of grants by private foundations.

48. Thomas R. Asher, "Public Needs, Public Policy, and Philanthropy: An Analysis of the Basic Issues and Their Treatment by the Commission on Private Philanthropy and Public Needs," (1975), contending that the Commission has failed to address the question of how public needs are and should be defined, ranked in importance, and met by the public and private sectors.

Geno Baroni, Arthur Naparstek, and Karen Kollias, "Patterns of Ethnic and Class Discrimination in the Corporate and Philanthropic World" (1975), discussing ethnic organizations and the patterns of private philanthropy in these groups and describing one study of ethnic representation at the corporate executive level.

Sarah C. Carey, "Philanthropy and the Powerless" (1975), discussing philanthropy in regard to minority groups, the poor, the institutionalized, and others considered "outs" in American society.

*The Donee Group, "Private Philanthropy: Vital and Innovative or Passive and Irrelevant?" (1975) (hereinafter cited as Donee Group Report), urging the broadening of membership of foundation governing boards by limiting the number of donor board members.

Albert H. Kramer, "The Role of Foundations in Broadcasting and Cable Communications Policy Development" (1975), studying major foundation support with respect to broadcasting and cable communications.

Reynold Levy and Waldemar A. Nielsen, "An Agenda for the Future" (1975), surveying the status of nonprofit institutions in America and suggesting paths to the self-improvement of these organizations.

Philip W. Moore, "Foundation Grants to Corporate Activist Groups: The Donee Perspective" (1975), reporting on foundation funding to corporate activist groups.

Peter J. Petkas, "The New Federalism: Government Accountability and Private Philanthropy" (1975), examining the implications to the general public, intended beneficiaries, and Congress of programs such as general revenue sharing, community development revenue sharing, manpower revenue sharing, and the Law Enforcement Assistance Administration.

David Horton Smith, "Values, Voluntary Action, and Philanthropy: The Appropriate Relationship of Private Philanthropy to Public Needs" (1975), discussing private philanthropy in relation to public needs from a "public interest and humane values" perspective.

Lawrence M. Stone, "The Charitable Foundation: Its Governance" (1975), suggesting a means to achieve flexibility and responsiveness through implementing a system of selecting foundation board membership which represents a wide range of viewpoints.

Norman A. Sugarman, "Community Foundations" (1975), depicting the role played by representative boards of community foundations.

Mary Jean Tully, "Who's Funding the Women's Movement?" (1975), describing the lack of foundation and corporate financial support for the women's movement.

Adam Yarmolinsky, "Philanthropic Activity in International Affairs," note 29, supra.

Jane H. Mavity and Paul N. Ylvisaker, "Private Philanthropy and Public Affairs" (1975), viewing the role of private philanthropy with regard to the nation's public problems and analyses of the effect of the Tax Reform Act of 1969 and the possibility that future legislation may be advisable to reinforce private philanthropy.

49. See p. 38 et seq., infra.

50. To facilitate such sharing of staff and other support facilities, the Service might indicate via ruling the extent to which unrelated business taxable income arises when one exempt organization pays another to perform such a function. Presumably there should be no unrelated business income to the recipient where a mere cost-sharing arrangement is utilized.

51. See pp. 20-21 et seq., supra, for the recommendation that larger tax-exempt charitable organizations, except churches and church affiliates, prepare and make available their annual reports. See also section 6104(d), which now imposes a comparable requirement upon private foundations.

52. Laurens Williams and Donald V. Moorehead, "An Analysis of the Federal Tax Distinctions Between Public and Private Charitable Organizations" (1975), portraying the distinctions between public and private charitable organizations and suggesting diminution in the level of such distinctions, particularly in the area of degree of permissable involvement in legislative activities.

53. Release from private foundation status would include primarily the following effects:

(1) Charitable contributions could be made to the extent of 50% (as distinguished from 20%) of the taxpayer's contribution base (see section 170 (b) (1) (A)).

(2) Gifts of appreciated property could be made without the "pass through" requirement which now applies to such gifts made to a private foundation (see sections 170(b) (1) (E) and 170(e) (1) (B) (ii)).

(3) If appreciated gifts are made to an independent foundation in excess of the 30% limitation, a 5-year carryover would be available (see section 170(b) (1) (D) (ii)).

(4) Grants received from private foundations would count toward a grantor foundation's "qualifying distributions" for purposes of its payout requirement under section 4942.

(5) Independent foundations would be subject to the same filing and disclosure requirements as public charities.

54. Sections 4946(a) (1) (H) and (I) (relating to excess business holdings, and government officials, respectively) would continue to be limited as under present law.

55. See Ginsburg, Marks, and Wertheim, "Federal Oversight of Private Philanthropy," note 43, supra.

Williams and Moorehead, "An Analysis of the Federal Tax Distinctions Between Public and Private Charitable Organizations," note 52, supra.

Adam Yarmolinsky and Marion R. Fremont-Smith, "Judicial Remedies and Related Topics" (1975), outlining the problem of private benefit in section 501(c) (3) organizations and proposing solutions.

56. In some situations, modification would be dictated by the nature of the organization; in others, changes of general application would improve the administration of Chapter 42. For example, the Service might be given discretion to waive penalty taxes in the case of an organization that demonstrates reasonable cause for its action or omission.

57. Provision could, of course, be made here for the application of Chapter 42 to additional paragraphs of section 501(c), such as trade associations qualifying under section 501(c) (6) and civic leagues of organizations qualifying under section 501(c) (4).

58. Unlike the rules affecting disqualified persons with respect to a private foundation, penalties would not be imposed upon a "substantial contributor" to a publicly supported charity nor upon persons related to him. The class of such persons in the case of a public charity may be extremely broad, making rules respecting such persons difficult to administer. Additionally, the existence of an independent governing body would give assurances of insulation from abuse. Rules respecting payments or reimbursement to government officials (under section 4941(d) (1) (G)) would be uniformly applied to public charities and foundations.

59. For example, in connection with the determination of the fair market value of property.

60. See Yarmolinsky and Fremont-Smith, "Judicial Remedies and Related Topics," note 55, supra; see also p. 35 et seq., supra.

61. See also section 406, Employee Retirement Income Security Act, 29 U.S.C.A. §1106 (1975) (hereinafter cited as ERISA).

62. See section 4975(d) and section 408(b), ERISA.

63. See section 4975(c) (2) and section 408(a), ERISA.

64. See, e.g., section 4975(d); Prohibited Transaction Exemption 75-1, 40 Fed. Reg. 50845 (1975).

65. Compare section 3041 *et seq.* of ERISA, providing for enrollment of actuaries by a joint board established by the Secretaries of Labor and Treasury.

66. Council on Foundations, Inc., "Private Foundations and the 1969 Tax Reform Act," note 42, supra.

The Donee Group Report, note 48, supra.

Yarmolinsky and Fremont-Smith, "Judicial Remedies and Related Topics," note 55, supra.

67. A study in **Institutional Investor*, Vol. VIII, No. 9 (September 1974), p. 91, indicated an average rate of return for private foundation investments of all kinds, including equity and non-equity, of approximately 3.8% as of May 1974. While comparable returns may have been somewhat higher in the intervening period, it is unlikely that current figures approach or exceed the suggested 5% payout rate. It is believed, therefore, that the 5% rate would permit most organizations to achieve realistic investment policies under present conditions. By contrast, the Donee Group recommended a permanent payout rate of 6% plus half of any net investment income in excess of such rate. See Donee Group Report, note 48, supra. They argued that adoption of such an approach would enable a foundation to invest in higher yielding fixed income securities in periods of high interest rates, and utilize half the excess yield to add to corpus to produce additional income in years in which yields diminished. Additionally, they argued that such an approach would remedy an anomaly under present law whereby foundation investment managers have no incentive to maintain investment income at a level beyond the required payout percentage. However, to the extent that the proposed minimum 6% payout rate requires a yield higher than can be sustained over a continuing period, the nominal right to retain half of income in excess of that level would not permit real value of the corpus to be maintained.

68. See, e.g., section 167(k) relating to amortization of real estate rehabilitation costs as an example of this legislative device.

69. Compare section 4942(j) (3) (B) (ii), imposing a comparable rule for private operating foundations.

70. Cf. section 4942(j) (3) (A).

71. As an alternative to the approach of section 4944, judicial remedies could be provided empowering the Service to obtain a court order demanding proper investments (thus judicially testing the propriety, in fact, of the subject investments).

72. See Stuart M. Lewis, ed., "A Study of Religious Receipts and Expenditures in the United States," note 2, supra.

73. See Ginsburg, Marks, and Wertheim, "Federal Oversight of Private Philanthropy," op. cit., particularizing the need for federal regulation of interstate charitable solicitations and for federal regulation of professional fund raisers;

The Ohio Attorney General's Office, "The Status of State Regulation of Charitable Trusts, Foundations, and Solicitations" (1974), surveying the state charitable trust statutes and other state laws regulating the solicitation of funds for charitable purposes;

Yarmolinsky and Fremont-Smith, "Judicial Remedies and Related Topics," note 55, supra.

74. See the discussion pp. 24-25 supra, respecting the development of uniform accounting rules for comparable categories of organizations.

75. See Proposed Treas. Reg. §1.6033-2(g), 41 Fed. Reg. 6073, published in the Federal Register of February 11, 1976. Under those provisions, the Service would require the filing of Form 990 by certain church-related organizations, such as hospitals, schools, etc. Parallel rules respecting solicitation information for such organizations should also be considered.

76. See Ginsburg, Marks, and Wertheim, "Federal Oversight of Private Philanthropy," note 43, supra.

77. See *Securities & Exchange Commission, *The Work of the Securities & Exchange Commission* (Washington, D.C.: Government Printing Office, 1966), p. 2, in which the SEC stated that "the purpose of registration is to provide disclosure of important facts so that investors will make a realistic appraisal of the merits of the securities and thus exercise an informed judgment of whether to purchase them."

78. Commission on Private Philanthropy and Public Needs, *Giving in America* (1975), p. 177.

79. See The Ohio Attorney General's Office, "The Status of State Regulation of Charitable Trusts, Foundations and Solicitations," note 73, supra.

80. Compare section 6104(c) (1), providing for publication by the Service to state officials of information concerning refusal or revocation of exemption under section 501(c) (3) or imposition of tax under section 501 or Chapter 42. Extending this authority to routine filings and audit findings would assist state-federal cooperation and facilitate enforcement activities.

81. See Donee Group Report, note 48, supra, and Ginsburg, Marks, and Wertheim, "Federal Oversight of Private Philanthropy," op. cit., discussing the appropriateness of judicial review of the denial of exemption or of revocation of an organization exempt status and the employment of federal equitable sanctions as a means of remedying abuses by tax-exempt organizations.

Yarmolinsky and Fremont-Smith, "Judicial Remedies and Related Topics," note 55, supra.

82. Presumably legislation could enhance the usefulness of such powers by specifying circumstances under which court intervention is to be available.

83. H.R. 10612, 94th Cong., 1st Sess., §1202 (1975).

84. For example, after the 30-day letter, but before the 90-day letter.

85. For example, see Donee Group Report, note 48, supra.

86. Cf. the National Valuation Group of Art Experts presently used by the Internal Revenue Service for questions concerning the value of particular artistic works.

87. Cf. Section 7476(b) (3), permitting taxpayers to seek declaratory judgments with respect to certain employee plans upon the failure of the Service to complete administrative review within 270 days.

88. Commission on Private Philanthropy and Public Needs, Staff, "Limitations on Lobbying by Charitable Organizations" (1976), inventorying the constitutional and policy arguments for the Code restrictions on the lobbying activities of charities.

John B. Huffaker, "Legislative Activities of Charitable Organizations Other Than Private Foundations With Addendum on Legislative Activities of Private Foundations" (1975), advising of ambiguities in the law regarding the permissible area of legislative activities of exempt organizations and offering alternatives and options for consideration.

See John P. Persons, John J. Osborn, Jr., and Charles F. Feldman, "Criteria For Exemption Under Section 501(c) (3)" (1976), exploring the history of the statutory criteria for exemption under section 501(c)(3) and describing the manner in which they have been interpreted by the courts and the IRS.

89. See, *e.g.*, H.R. 8021, 94th Cong., 1st Sess. (1975) introduced June 18, 1975, which would allow organizations exempt from taxation under section 501(a) to participate in attempting to influence legislation without jeopardizing their exempt status. This bill would limit the amount which may be spent yearly to influence legislation by such organizations to the lesser of $1 million, or 20% of the first $500,000 contributed to such organization to accomplish its exempt purposes, 15% of the second $500,000 of contributions and 10% of the next $500,000 and 5% of the excess of $1.5 million of contributions could be spent for lobbying by the organizations.

90. For discussions with respect to a permanent commission see Council on Foundations, Inc., "Private Foundations and the 1969 Tax Reform Act," op. cit., suggesting the establishment of a national commission independent of any existing agency to supervise philanthropy;

Ginsburg, Marks, and Wertheim, "Federal Oversight of Private Philanthropy," op. cit., discussing proposals for a national commission on philanthropy as a means of transferring the regulatory functions of the Internal Revenue Service to a new agency based on the assumption that the public interest is served as much by charity as by governmental action.

Adam Yarmolinsky and Marion R. Fremont-Smith, "Preserving the Private Voluntary Sector: A Proposal For A Public Advisory Commission on Philanthropy" (1975), recommending the establishment of a simple public advisory commission on philanthropy to foster conditions in which philanthropy could grow and improve.

PRIVATE PHILANTHROPY: VITAL AND INNOVATIVE OR PASSIVE AND IRRELEVANT

The Donee Group[†] Report and Recommendations

In the late 1960s and early 1970s, many American institutions wielding large amounts of apparently unaccountable power came under scrutiny by citizen groups and Congress. Private philanthropy, dispensing billions of dollars annually and responsible primarily to its own good judgment, was not excepted. The Tax Reform Act of 1969 was interpreted in the philanthropic community as a punitive measure, and possibly only the opening move in a campaign to alter the power relationships which had long prevailed in the closed world of philanthropic giving.

It was in this context that John D. Rockefeller III initiated the Commission on Private Philanthropy and Public Needs in the fall of 1973. Since the problems of private philanthropy were thought of as inextricably connected to the tax law, the encouragement and support of Wilbur D. Mills, then chairman of the House Committee on Ways and Means, and George P. Schultz, then Secretary of the Treasury, along with William E. Simon, Deputy Secretary of the Treasury at that time and later Secretary, was sought in creating the Commission.

Known as the Filer Commission, after its Chairman, John H. Filer, Chairman of the Board of Aetna Life and Casualty Company, it has spent over in conducting a study of private philanthropy and the nonprofit sector.

The membership of the Commission was chosen overwhelmingly from among prominent businessmen, judges, religious leaders, university presidents and foundation executives. Given this membership and the Commission's auspices, its work was sure to have a significant impact in any future discussion of the role of private philanthropy in our national life.

The Commission worked in relative obscurity until late 1974 when a group of public interest and social change organizations became interested in and concerned with the direction the Commission seemed to be taking. A catalyst for these concerns was an article written by

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[†] A coalition of public interest, social action, and volunteer groups acting as advisors to the Commission on Private Philanthropy and Public Needs. (The Donee Group has disbanded. Inquiries about this report should be made to the National Committee for Responsible Philanthropy, Washington, D.C., organized in 1976 to follow up on many of the Donee Group concerns.)

This report is published as originally submitted to the Commission.

Pablo Eisenberg, now President of the Center for Community Change, in the January 1975 issue of *The Grantsmanship Center News*. He noted that the Commission had stressed the problems and concerns of only one half of the philanthropic equation – the givers – and had neglected the very real and pressing needs of the recipients or would-be recipients of philanthropic largess.

Mr. Eisenberg noted that "the questions, Who gets what?, What are the priorities of foundations and voluntary organizations?, and Do current conditions meet society's changing needs? have either been played down or largely ignored." He postulated that the emphasis of the Commission's work was at least partly the result of the composition of the Commission and its advisory committee. He noted that they reflected "very disproportionately the establishment side of both the voluntary sector and philanthropic organizations."

The Commission responded to this criticism by asking Mr. Eisenberg to assist them in convening a meeting with public interest groups and others in Washington on March 6, 1975. As a result of that meeting and subsequent ones, the Commission, at its April 18, 1975, meeting, approved a proposal developed by public interest, social action and volunteer organizations to provide additional research and consultation on issues important to recipients of philanthropy and to the Commission. This proposal outlined the following tasks:

1. To obtain the views, information and experience from a broad range of organizations within the donee community.

2. To explore the public needs and organizational concerns that philanthropy is either neglecting or not meeting.

3. To help review and critique the studies and papers already prepared for the Commisson, thereby identifying gaps in its research that should be filled.

4. To commission additional studies that could fill the research gaps that had been identified or broaden the perspective of pertinent subject areas.

5. To provide specific comments and concrete policy recommendations on the major issues before the Commission from the perspective of the donee community.

6. To help the Commission members, staff and consultants think through, redefine, and possibly, expand the policy issues, assumptions and recommendations that will characterize its final report.

7. To study and recommend the ways in which the donee community can continue to make a contribution to any research and work on private philanthropy and public needs that follow the official termination of the Commission's life.

The Donee Group (as it called itself partly for want of a better name) has carried out these tasks by engaging in a variety of activities, including consultation, research and the sponsoring of several meetings attended by a wide cross section of interested organizations and individuals. The group is composed of organizations involved in minority rights, urban affairs, tax reform, voluntary action, environmental action, public interest law, housing, women's rights, community organizing, service to the handicapped, children's rights, social service, consumer rights and citizen participation activities in addition to scholars and some observers from the donor community. Since April 15, 1975, the Donee Group as a whole has met on ten occasions. There have also been meetings in California and New York with donee organizations which were not members of the Donee Group. In addition we have met individually with representatives of a wide range of organizations, including foundation executives, advocates for the American Indian, the physically handicapped, local art groups, religious organizations and local social action and community organizations in various parts of the country. The staff and members of the Donee Group consulted with Commission members and staff on a regular basis. We have had various research studies prepared by outside consultants and have produced analyses of our own.

Through all of those efforts we have attempted to get this Commission on Private Philanthropy and Public Needs to deal with the questions that are implied in its title. For instance, in our interim report on June 16, 1975, we urged them to examine the questions:

> "What are the nation's public needs? How are they being met by private philanthropy? By government? Which needs *should* be met by government? Which by private philanthropy?"

Because the concerns of the Commission seemed to center almost solely on technical tax considerations, we urged that it take a larger perspective and ask:

"Who benefits? And who *should* benefit from private philanthropy?" Once these value-laden priorities were determined, we suggested, the "How" questions include the tax issues as well as governance, donor control, and accessibility. We maintained that "all of these are basically methods or means to attain certain ends. If these ends are clearly understood, methods of attaining them become easier to find."

To a large extent we failed at our effort to have the Commission seriously and directly address these basic questions, as an examination of the Commission's report will reveal.

We succeeded in moving the Commission to accept our point of view in some areas. But now that the Commission has completed its work and we have fulfilled our obligation to them, we feel we must call attention to our differences both on the basic policy issues and on the recommendations which flow from them.

We have three groups of recommendations which are discussed in detail in this report. They arise from our findings that

1. Access to the philanthropic process must be widened and made more readily available to many organizations presently shut out of the system. Similarly, greater accountability and changes in governance are necessary to strengthen as well as to provide greater access to the system.

2. The donor community must be redefined and broadened by giving all people (including non-itemizers and non-filers) the incentive to allocate money to charity.

3. The present system of government regulation and control of philanthropic organizations must be overhauled to eliminate impediments to certain necessary activities and to provide exempt organizations with competent, conscientious and nonpartisan oversight and supervision.

It should be noted that those of us who have signed this report do so as individuals and not as representatives of our organizations. We have met together as an ad-hoc association of concerned citizens and have made specific recommendations to the Filer Commission and now to the public in hopes of providing the debate over these important issues with a perspective that it would not have otherwise had. It is for that reason that we have made many compromises and come to conclusions which are by no means unanimous in several instances. Those signing this report do not necessarily agree with each specific recommendation. However, they do agree on the general values and principles embodied herein which suggest that a drastic reevaluation and improvement of the workings of philanthropy must be brought about. Therefore, we hope that debate will center on the principles which lead us to make those recommendations as well as the recommendations themselves.

Introduction

What role will private philanthropy play in our national life in the next decade?

Will it provide the resources for constructive innovation, the seed money for new institutions and new issues, the venture capital for social change? Will it contribute to the solutions of the hard problems of American society in our most perilous period? Will private philanthropy become an open, vital and accessible force for progress?

Or will it continue in the patterns of the past, basically supporting established programs of established institutions, largely refusing to recognize new needs, and continually fighting a rear-guard action against mounting public and congressional concern with the private use of public money? These are the questions one would expect a Commission on Private Philanthropy and Public Needs to address. In this context, it is also worthwhile to ask: Does the Commission's report meet the challenges of the future, or is it just another study to be shelved and forgotten as irrelevant to the needs of America at the beginning of its third century?

We recognize the significant contribution to many areas of our national life which the nonprofit sector has made in the past. Much of the work of various foundations stands out as excellent examples of the best of philanthropy. But we fear that more of the same from the vast majority of the nonprofit sector will not suffice. At present, philanthropy has largely failed to meet or has barely met the needs of many constituencies within our society. It has also failed to have substantial impact on the most pressing issues of the day, such as nuclear proliferation, the energy crisis, inflation, world hunger, women's rights, to mention only a few. Future problems promise to be dramatically different from the past in both degree and kind. Private philanthropy will be called upon to meet more complicated and difficult challenges, calling for innovation and new solutions, not the "tried and true."

Shortly over two years ago, the Commission on Private Philanthropy and Public Needs, in their own words, "launched a broad-range, in-depth study of philanthropy, its relationship to government and its role in American society." They listed the following "basic areas for study and analysis."

- Should our society continue to encourage the formation and support of private organizations and institutions as a major means of satisfying our public needs?
- Would the fabric of American society be altered if government replaced the private initiative and effort which traditionally defined and met our public needs?
- What is the appropriate relationship between government and private society in harnessing national resources of creative initiative, energy and money to define and meet our public needs?
- Is the present system of private support providing adequate resources for society's needs or should new sources be found? How can existing sources be strengthened, perhaps through public support in the form of improved tax incentives? Should the present trend toward increased governmental support be encouraged?
- Are our society's resources devoted to satisfying community needs being appropriately allocated among the many purposes, organizations and institutions which depend on private support?
- Is the federal tax system an effective and desirable means for encouraging private donations? Should the present system be modified to achieve more equity and tax rate progression?
- Are other means possible to encourage and supplement private support for public needs in addition to, or in lieu of, the present tax system?
- How has private philanthropy adapted to changing issues and expectations and to changes in the role of government?

- What is the nature and extent of non-financial philanthropy, such as donated time by individuals and organizations and how is this related to incentives for financial philanthropy?

All of these questions implied that the Commission was going to make some qualitative judgments about how philanthropy had performed in the past and how it should perform in the future. Instead, the Commission has dealt mostly with quantitative assessments of the economic and tax law problems facing established philanthropic institutions.

It is our view that the Commission's report fails to deal adequately with many issues of present and future importance to the private nonprofit sector. The report fails to recognize the need for profound reform to improve the philanthropic process; it opts for exhortation and pleas to open and reform the process when legislation and structural changes may be necessary; it continues to plead for the status quo; it fails to recognize the needs of new and emerging issues and organizations; it fails to deal adequately with problems of corporate and union donors and federated drives such as United Way; it fails to deal with problems of regulation by the Internal Revenue Service; and it postpones many important issues in the hope that the proposal to create a permanent Commission will soon be implemented.

It is worth remembering that the tax and financial matters which occupied so much of the Commission's time and resources are not ends in themselves, but merely means to achieve policy goals. We regret that the Commission too often failed to recognize that it was dealing with public policy issues affecting the lives of real people.

Our basic dissatisfaction with the Commission's major findings and conclusions may be briefly summarized as follows:

1. Important groups and issues have been given inadequate consideration in the Commission's report. These groups have been variously described as social action or public interest or minority advocate organizations.[1] They include the following: (a) the smaller, newer, primarily local organizations dealing with a wide spectrum of concerns; (b) groups advocating minority and women's rights; and (c) groups engaged in overseeing, monitoring and evaluating government and other institutions of the society. These include public interest law, consumer and environmental organizations as well as those institutions providing technical services to otherwise powerless organizations.

Although the Commission recognizes the support of organizations such as these to be one of "the enduring pragmatic functions seen for nonprofit organizations," it does not make recommendations to remedy the lack of support which these issues and organizations have received from the nonprofit sector.

2. The report does not deal adequately with the need for improving the philanthropic process by providing greater access, accountability and changes in the governance of private nonprofit organizations. The report recognizes the problems, yet the recommendations which follow do not provide the means to achieve these rhetorical goals. Also, the draft fails to deal adequately with the special problems of accountability of and access to United Way, corporate and union donors.

3. A major concern of the report is the need to protect established institutions of higher education, health, welfare and the arts. The Commission has not adequately considered, or has rejected, non-philanthropic means of supporting these institutions in spite of the fact that the need to find alternative sources of support is clearly understood.

4. The changing relationship between the public and private sectors has not been analyzed and no recommendations for the future have been made. The Commission has failed to answer two basic questions. The first is: Which public needs should be met by private nonprofit groups and which by public bodies? The second is: Which needs should be met with government funds and which with philanthropic funds? Not only has the Commission failed to clarify these issues, it has further confused them by equating public funding with public auspices. The Commission should have dealt with finding ways to preserve the independence of nonprofit groups while providing them with necessary government funding.

Although this report is to some extent a catalog of our disagreements with the Commission, there are some issues on which we agree and others on which our differences are minor or ones of degree. The Commission's recommendation on lobbying and personal or institutional self-benefiting are substantially the same as ours. Those on donor control of foundations, expenditure responsibility, public information requirements and others represent different approaches to solving the problem but also reflect our agreement on the principles behind those approaches.

I

THE BASIC POLICY ISSUES

This section will attempt to set forth the Donee Group's values and concerns as reflected in the meetings and other activities which we have sponsored. We also will attempt to assess what we believe to be the Commission's major value assumptions in an effort to provide the context from which we believe the Commission's policy recommendations flow.

It should be noted that the Donee Group agrees with many of the most important Commission value assumptions, such as the need to preserve and strengthen the private nonprofit sector and the need to preserve freedom of choice for philanthropic support. Disagreement arises, however, on questions of the relative utility of certain kinds of giving, the proper role of government and the need for basic reform in access and governance.

The Perspectives of the Donee Group

We view the issues of private philanthropy and public needs in the context of a society in which power and resources are grossly misallocated. Ours is a society in which racial, ethnic, sexual and other forms of discrimination deny many the political, economic and social advantages enjoyed by other Americans. It is also a society in which misallocations of power and discriminating patterns have created widespread distrust and disaffection for institutions of power of all kinds. But it is a society nonetheless with many mechanisms, both public and private, for remedying its ills.[2]

Given this general point of view we view private philanthropy as a valuable tool to be used in meeting public needs. When philanthropy does live up to the ideal of an innovative, fearless agent of social change and an advocate for those who are most in need, it becomes invaluable. Sarah Carey, in her paper "Philanthropy and the Powerless," points to several instances of support for organizations such as the National Welfare Rights Organization, the Mexican American Legal Defense and Educational Fund and the Southern Regional Council Voter Education Project which illustrate philanthropy at its best. As Marion Fremont-

Smith and Adam Yarmolinsky state in their paper,[3] private philanthropy "... can foster constructive innovation, and it can sustain valuable but neglected ongoing activities, making room for diversity, and broadening the field of choice for possible government support." They also acknowledge that "... it can simply indulge in an exchange of back-scratching favors within a narrow circle of wealth."

We believe that instead of being the venture capital for social change, philanthropy has, for the most part, patterned itself after its corporate and governmental counterparts. Most of it has become bureaucratic, safe and more conservative and less willing to take risks than the government.

Other observers support this contention. For example:

1. Archibald Gilles, President of the John Hay Whitney Foundation in an article entitled "Real Politics" in the January/February 1975 issue of *Foundation News*, finds that less than 1 percent of foundation grants in 1972 and 1973 dealt with fundamental questions relating to the functioning of major political and economic institutions in the United States.

2. Herman Gallegos in his study, *Foundations' Responsiveness to Concerns of Minority Groups*, finds that less than 1 percent of foundation grants in 1972-73-74 went for the benefit of social and ethnic minorities.

3. Sarah Carey in her Commission paper, "Philanthropy and the Powerless," says, "Regardless of how the pie is sliced, there is no question that grants made directly for social change or to assist the powerless are dwarfed by the massive philanthropic contributions made annually in support of education, the arts, health services and the like."

4. Mary Jean Tully in her Donee Group paper, "Who's Funding the Women's Movement?" finds that projects designed to improve the status of women amounted to less than 1/5 of 1 percent of foundation grants between 1972 and 1974.

5. The figures in *Giving U.S.A., 1975* show that 35.4 percent of all philanthropy goes to established institutions of higher education, hospitals, museums and the like with another 43.1 percent expended on religion. Most of what remains is used to support

institutions with large overhead expenses which perform functions and provide services similar if not identical to those performed by government.

We believe that a critical role for philanthropy is support of organizations monitoring, overseeing or seeking changes in government, industry and other established institutions. We agree with Waldemar Nielsen's conclusion that the essential role of a private philanthropy is to support "independent centers of initiative to challenge, criticize, and provide a creative spark for the massive governmental, economic, social and religious institutions which increasingly dominate our national life." Equally important, private philanthropy must help to build institutions and provide technical assistance for deprived communities (such as women, Blacks, the Spanish speaking) as they begin to partake of the rights of the majority and to consolidate and maintain the gains they make.

We do not believe that philanthropy should have as its primary purpose the support of private institutions performing essential public services that are being delivered by business or government. Higher education, health care, the arts and other public functions may be performed by public or private institutions. In either case, it is done largely with public rather than private funds. Since the amounts available from philanthropy for support of service organizations will never be equal to the task those organizations must undertake, philanthropy must consider altering its objects of support to make optimum use of its limited resources. It can do this by applying relatively small amounts of money to social change, monitoring and oversight functions which can have long-lasting impact of great significance.

As philanthropy has an impact in certain areas, it should, (except in cases of certain minorities which need substantial "catching up"), move on to new concerns and leave to government or other institutions the burden of permanent funding, a task which the nonprofit sector cannot be expected to fulfill. Private philanthropy should permanently maintain only those groups which oversee, monitor and "goad" the ongoing process. In order to maintain the responsiveness to changing needs that such a system requires, philanthropy must provide greater access to those new issues and organizations that reflect emerging needs. In many cases that will not be enough. Philanthropy will have to actively seek objects of support rather than remaining essentially passive while supporting established institutions.

It is equally important for nonprofit organizations which are recipients of philanthropy to remain open and responsive. Many of these groups act as though the preservation of the organization is more important than meeting the needs of the public. Given the key role they must play, it is especially important for these groups to evaluate themselves critically in relation to the public they serve.

Most other institutions in our society have recognized or have been made to recognize the value of openness and accountability. Freedom of information and "sunshine" laws are increasingly regulating the process of government. Some corporations have responded to the corporate responsibility movement and the demands of the general public by revealing more and more about their operations. The citizen movement which propelled this process has found that philanthropy is lagging far behind in openness and responsiveness to many constituencies. Many people ask the same questions that Mavity and Ylvisaker pose: "Why, in a society that values equality of opportunity so highly, should such a vital process as the private allocation of otherwise-taxed resources be so organically tied to private wealth? Isn't it time to democratize philanthopy, and make certain – as we have with other vital processes – of more equal access and participation?"

In summary, we believe that there is a permanent role for a private nonprofit sector. Monitoring institutions of power and providing vehicles for emerging minorities to gain their rightful place in society will always be necessary tasks and these tasks are even more important as government on all levels grows larger and further removed from the citizen.

Commission Perspectives

There are several explicit and implicit value assumptions permeating the draft of the Commission's final report. These value assumptions include the following:

Preserving the Status Quo

"For now and the forseeable future, however, the Commission feels that any inducements to giving should not be constructed so as to discourage giving to current recipients." (Filer Commission Report,

p. 128.) Thus, baldly stated, is the Commission's major assumption – preserving favored treatment of established private institutions in the areas of higher education, health, welfare and the arts. As we have attempted to demonstrate through research papers and meetings, there are, of course, competing values and competing organizations which are given insufficient attention by philanthropy in general, and by the Commission's report. These organizations, which are described in greater detail below, include those engaged in efforts to achieve social justice or social change and those which advocate for or on behalf of under-represented minorities.[4] There are occasional references in the draft to these groups, but there is little recognition that these are new constituencies which philanthropy must serve. Nor is there sufficient recognition of the many worthy causes which are underfunded or ignored. Moreover, no effort is made to analyze the structural or institutional reasons that social change and newer and smaller organizations and issues have such difficulties.

While the report recognizes that support of "cutting edge" issues and organizations is one of the most valid justifications for private philanthropy, this is little more than lip service when one considers the major thrust of the report and the hierarchy of Commission values. The report contains many examples drawn from the problems of higher education and health care delivery but virtually nothing about public interest, consumer, or environmental law, or organizations engaged in public policy development, or overseeing government, the market place and the media, or community organizing and advocating minority rights.

Although one of the Commission's "Basic Issues" was an examination of the appropriate relationship between government and private society in defining and meeting our public needs, there is no serious debate over whether there is a continued need for private support of certain kinds of institutions. For example, it is widely recognized that there is excess capacity in the country of hospital beds and institutions of higher education. Yet the Commission has not grappled with the hard questions of reallocating limited philanthropic dollars from these areas to those in greater need.

In addition, the report contains no analysis of the *purposes* for which philanthropic dollars are given, beyond the calculation for "welfare" or "education" or "health." Within these general categories, moreover, most grants are made to the relatively established organizations and for relatively "non-cutting-edge" purposes. The Commission states that "private funds can provide an 'edge of quality' . . . ," but does not analyze the *uses* made of philanthropic dollars. It is quite clear that the purposes for which grants are made are often no more innovative or imaginative than the choice of organizations receiving the bulk of philanthropic giving.

Failure to Assess Public Needs

As indicated above, once the Commission had determined, *a priori*, that established objects of giving should continue to be supported, there was no need to assess relative public needs. And, not surprisingly, the Commission has made no attempt to discuss or catalog such needs or to decide which public needs should be publicly supported and which supported by private philanthropy.

Why, for example, is higher education or the arts of such concern to the Commission and not problems of housing or nutrition or reform of our criminal and penal laws? Why is the report full of health care delivery examples, but so little on preventive medicine or occupational disease? Why is there no mention of the role of private philanthropy in the energy crisis or in problems of nuclear proliferation or inflation or dozens of other crushing problems? Are these not public needs with which private philanthropy ought to try to deal?

In short, the Commission has only done half of its job unless and until it makes an effort to answer the kind of question it initially set for itself: What are our "public needs" and how are they to be supported?

Fear of Government

The report recognizes the increasing role of government support to higher education, health care, welfare and the arts, but insists, without adequate substantiation, that such support inevitably diminishes independence and leads to political interference. This fear of government pervades the report. It is implicit in the dismissal of most alternative methods of support for these institutions, such as a voucher system or matching grants, and it is explicit in the refusal to accept a greater role for government in governance, access and accountability. Yet the Commission's research largely fails to substantiate these fears. The report does not document its concern with government interference in the programs and operations of institutions receiving government support. It also does not distinguish between the role of government as philanthropist and its role as regulator. As Professor Galbraith has observed, "... the role of government, when one contemplates reform, is a dual one. The government is a major part of the problem; it is also central to the remedy."

There have, in fact, been examples of political interference in the exemption and audit process conducted by the I.R.S. And there surely must be examples of government attempts to interfere in program and policy decisions of organizations receiving government support. But is the alternative of interference by private philanthropy preferable? The report fails to recognize that very often private sources of support will dictate to potential grantees in an equally egregious manner. For example, Yale alumni recently reduced their contributions in order to force the University to change their admission policy which had resulted in fewer progeny of graduates being admitted.

In short, the problem is not meddling, control or interference; it is the potential *source* – government – which gives rise to the Commission's fears. It is our view that not only are fears of government not documented, but that the Commission has not adequately recognized the methods by which private sources of support exert equally extensive bonds over recipients of giving.

The Commission should have focused on how to retain the privacy and independence of those institutions during a period in which the proportion of their budgets coming from government is increasing. This is one of the fundamental problems of a pluralistic society. We are no further toward its solution than we were two years ago.

Excessive Confidence in Self-Regulation

The Commission has an unjustified belief in the efficacy of self-regulation. Many of its recommendations on governance, access and accountability rely on exhortation and self-regulation. This is partly based on fear of government interference, but it does not recognize the futility of self-regulation.

In a paper on "Self-Regulation in Private Philanthropy" prepared by Peter Meek for the Commission it is stated:

> During this study several persons expressed the opinion that self-regulation by the private sector, including philanthropy, is a myth in the United States. It is a concept which the private sector believes it practices and behind which it rallies when the threat of government intervention is perceived.
>
> On the basis of present knowledge and understanding of self-regulation in philanthropy, the cynical observations . . . cannot be convincingly contradicted.
>
> Certainly it was the absence of effective self-regulation that contributed to the restrictive regulations imposed on private foundations by the Tax Reform Act of 1969. This report makes it evident, too, that self-regulation mechanisms have made no startling progress among private foundations since 1969.

Previous studies on philanthropy such as the Peterson and Treasury Reports have suggested reforms through self-regulation. They have not succeeded in accomplishing much, nor is there reason to believe that any institution willingly alters its procedures, especially toward greater openness and accountability, without outside pressure of some kind.

II

RECOMMENDATIONS

The Donee Group, working with essentially the same information as the Filer Commission, has come to different conclusions on most issues because of the different perspectives discussed above. However, we feel that in many instances our recommendations are more in concert with the Commission's own research than are theirs.

We present our recommendations in the hope that debate over these important issues will be stimulated. We strongly believe that it would be detrimental to both philanthropy and society in general if the questions we raise are not part of that debate.

Improving the Philanthropic Process

The Donee Group's most important conclusion is that individuals and organized philanthropies must reorder their priorities for giving to insure that, in the words of Alan Pifer, President of the Carnegie Corporation, "the benefit should go to those who are most in need of benefit. That is, the poor, the downtrodden, those that have suffered discrimination." Such an exhortation is ineffective unless specifically implemented, but given past history, it is unlikely to be acted upon voluntarily. Therefore, we endorse the following specific legal remedies which, in our opinion, will change the rules of the philanthropic market place sufficiently so that groups engaged in "citizen empowerment" and other social change activities will be able to compete on a more equal basis with the older, larger and more nationally oriented groups now enjoying a substantial monopoly.

Limit Donor Control

In order to improve access to the philanthropic process, the Donee Group recommends a phase out of donor control over charitable organizations. Specifically, *the governing boards of all foundations would be required by law to have no less than one third public members immediately and no less than two thirds public members after five years. Public members would be defined negatively to eliminate donors, their relatives and business associates.*

The Filer Commission takes the opposite approach of providing incentives for decreasing donor control of foundations through creation of a new entity called an "independent foundation" which would not be subject to the limitations on giving placed on private foundations by the Tax Reform Act of 1969. The Donee Group does not reject its approach but feels that it should operate in tandem with our phase-out plan.

Although we recognize that many of the larger, national foundations already comply with our recommendation,[5] we believe it will prove useful in reforming those small, local and tightly controlled foundations which constitute the vast majority of grant-making organizations. It would make clear to donors that, as the Council on Foundations report to the Commission puts it, it's "not our money, but charity's." All too often donors view foundations as their personal property. "My foundation" is the standard form of reference used by most donors. We agree with the view expressed in the "1965 Treasury Department Report on Private Foundations" (on whose model our recommendation is based) that many charities "continue in existence year after year without achieving any of the external indicia of unique advancement of philanthropy. They attract no public attention; their endeavors gain no public support; they appear to open no new areas, develop no new vistas, create no rearrangements or alterations of focus among charitable enterprises generally."

We agree with the Treasury Report that by "broadening the base of foundation management, the recommendation (to eliminate donor control) would bring fresh views to the foundation's councils, combat parochialism, and augment the flexibility of the organization in responding to social needs and changes."

Broadening Membership of Governing Boards

We believe that the removal of donor control is just the first step in realizing needed changes in the governance of philanthropic institutions. Those replacing the donor and his designees must bring new ideas and perspectives to those boards or there may be no change of consequence.

We therefore recommend *that organized philanthropies with broad purposes be required by law to expand their governing boards to include significant representation from the general public and nonprofit agencies and, in particular, women and minorities. For those philanthropies which have a specialized purpose or geographic or program limitation, we recommend that the law require representation of those communities which are affected by or which have a special interest in those programs or areas.*

We do not agree with the Commission that such changes are likely to occur through exhortation. Their proposal will result, at best, in some additional window dressing. We also reject the Commission's contention that a proposal such as ours will "undermine an important distinction between the voluntary sector and government." Our proposal will actually make philanthropy more pluralistic by making it more able to represent "different priorities, differently arrived at."

Staffing is Essential

Opening the boards of some private philanthropies to more points of view will not improve access for some charities because the lack of professional staff is an even greater impediment. There can be no real consideration of proposals, much less affirmative outreach, unless there is adequate staff.

The Peterson Commission in 1970 urged foundations to hire staff themselves or "to consider merging into existing community foundations" or "to pool their resources to share the services of a professional administrator" or to "form associations of foundations interested in a similar program area and jointly hire an expert."

The report of the Council on Foundations to the Filer Commission indicates that there are indeed more foundation staff now than in 1969. But the survey also demonstrates that, for the most part, staff were hired to deal with the administrative complexities of the Tax Reform Act of 1969 rather than to enhance the foundations' program functions. By all accounts, the vast majority of foundations have no professional staff and of all reported staff, 23 percent work for either the Ford or Rockefeller Foundations.

The survey by the Conference Board done for the Commission also indicated a similar need for staff in corporate giving. The survey stated, "although professional staff analysis is the most widely used evaluative technique, the fact is that there is a minimum of professional staff employed specifically for the contributions and foundation functions. More than four out of ten companies have no professional or clerical staff. Only one out of four companies has one full-time professional working in this area."

"It has been previously noted that a number of corporate leaders (23 percent) indicated they would increase contributions if they had more confidence that their contributions programs were successful. Perhaps part of the problem lies in this area of professionalization and evaluation. If 41 percent of the companies lack professional staff, how can they assess the need for new grants, the effectivess of on-going grants, the performance of donor agencies?"

Since exhortation has not been successful in the past in changing the staffing of grant-making organizations, the Donee Group recommends *that there be a legal requirement that any organization making grants in excess of $100,000 per year employ at least one full-time professional (i.e., not a bookkeeper, accountant or donor's secretary) or, as an* *alternative, join in a cooperative venture with other organizations sharing common staff.*

Expanded Public Information Requirements

Governance and staffing are not the only barriers to accessibility to philanthropic dollars. The absence of information is at least as important. At present, only 352 private foundations out of the total of 26,000 go beyond the legal requirements and publish reports which define their program areas and describe grant procedures. In the case of religious, corporate, union and United Way funders, there are no legal reporting requirements. Except for United Ways, almost none of these groups reports voluntarily.

Aside from insufficient reporting, it is generally believed (as stated, for example, in our meetings with local organizations in California and New York) that organized philanthropies often fail to adhere to minimal courtesies unless the seeker of funding has the "right contacts." Foundations often refuse to communicate at all. A survey published in the April-May 1974 issue of the *Grantsmanship Center News* showed that even among the larger foundations, 78 percent made no response to a simple request for information. When there is a response, very often it is a form letter containing a negative reply to a request for funds whether such a request was made or not. It rarely contains any reason for denial.

All of these persistent problems lead us to recommend *that all grant-making organizations which are exempt or which receive deductions through their grants (including churches, unions, corporations, United Ways, etc.) be required by law to publish annually: (a) nature of the program areas in which they make grants; (b) criteria by which they make decisions between individual applicants; (c) amounts available in each program area; and (d) a list of grant recipients with amounts and a short description of the purposes of the grant and the recipient.*

Those grantors with $250,000 or more in assets devoted to grant programs or $100,000 or more in total grants per year would additionally be required by law to provide applicants with specific explanations for rejection of grant requests. They would also be required to publish annually a formal procedure of request for proposals; a statement of the organization's efforts to evaluate its programs in light of changing public needs; a statement of the methods used to recruit new members of the governing board and new staff; a list of staff, consultants and board members with their salaries and fees; and a statement of efforts to work with other grantors to avoid duplication and to seek out worthy projects for funding. "Publish," in these recommendations, means to produce a printed document written in narrative form in clearly understandable language containing the above information. It also means distributing it to the media, interested citizens and groups and making the document available to anyone requesting it in addition to filing it with the Internal Revenue Service. Since all of these recommendations are designed to improve communication between donor and donee, we would further urge that the grant-making organizations insure that language barriers do not prevent or impede that communication.

Annual Public Meetings

As a corollary of the public information requirement, we recommend *that the law require annual public meetings of the governing boards of grantors with $250,000 or more in assets or $100,000 or more in total grants per year.* These meetings, which are standard procedures for organizations in other sectors, would include a program assessment; a preview of future priorities; a review of staff and board member selection; a review of major grants; a forum for the public to state grievances and such other matters as members of the public may wish to raise. Appropriate notice to the public and affected constituencies should be required.

Eliminate Expenditure Responsibility

One special barrier to access to philanthropic funds by new and struggling organizations is the expenditure responsibility requirements placed on private foundations by the Tax Reform Act of 1969. Under the act foundations and their managers are subject to severe financial penalties if they made grants to organizations which use the funds for noncharitable purposes. This has caused a tremendous decrease in foundation grants to non-tax-exempt organizations. Before 1970, 39 percent of foundations made such grants while now only 20 percent do.

Therefore, we recommend *that the law be amended to eliminate expenditure responsibility requirements.*

In addition to increasing the funding of new and controversial organizations, such a change in the law would reduce the administrative costs of foundations and make more money available for charity.

If the Congress and regulators feel that there must be such requirements, then we strongly urge that the requirements be eliminated for grants under a set limit, which should be no lower than $50,000.

Federated Fund Raising: Non-Exclusive Access; Prevent Conflicts of Interest; Reduce "Effective Donor" Control

One of the types of organized philanthropies which presents special problems of access is the federated fund-raising organization, such as United Way. (One of the great voids in the Commission's work is the absence of any substantive comment or recommendations on federated fund-raising campaigns.) It is for this reason we have included such federated campaigns in our other recommendations on access such as broadening membership of governing boards, public information, public meetings, etc.

Among major problems those recommendations do not solve is the virtual monopoly United Way fund-raising campaigns hold on access to workplace solicitations and accompanying payroll deduction plans. This monopoly prevents federations representing areas of public needs or communities unrepresented or underrepresented in United Way from using a highly successful technique. It is a classic example of a monopoly market, denying the "worker-consumer" the right to "buy" the charitable cause of his or her choice. We therefore recommend *national legislation to require businesses to provide equal access to workplace charitable solicitation and payroll deduction programs for all federated charitable campaigns if access is provided to any such campaign.*

Once equal access to fund raising is solved, it then becomes necessary to provide more equal access to the allocation process for the funds raised. At present, United Way board and committee members participate in financial allocation decisions that can and do affect other charitable organizations that they as individuals represent or to which they have a fiduciary and trustee relationship. This pattern of interlocking directorates results in a stagnant allocation pattern by United Ways. This is demonstrated by a study by Professor David Horton

Smith for the Donee Group which shows that for a recent year there was an average change of only 0.56 percent in United Way allocations nationally for 72 agencies for which records were available.

Very seldom are agencies removed from or added to the United Way list of recipients and when such changes are made it involves only a tiny fraction of the total funding allocation. The planning process which supposedly assesses public needs and gives the board and staff information on which to base allocation decisions is non-functional. As Beatrice Dinerman noted in an article in *Nation* in March 1970, "... the supposedly difficult and delicate process of dsitributing Community Chest contributions becomes little more than a charade designed to lull the lay decision maker into the belief that he is, in fact, reaching monumental decisions."

To end the charade and at least make outright self-dealing impossible, we recommend *legislation to prevent conflicts of interest between the governing boards and allocation committees of federated fund-raising organizations on the one hand and the governing boards of recipient agencies on the other.*

Another governance problem in federated fund-raising organization is donor control. Control in this case is different than that addressed in our recommendation on foundation donor control. Effective control federated fund-raising organizations is most often exercised by major corporate or governmental executives whose organizations have major pay-roll deduction, fund raising, or other workplace-based campaign. These people may or may not be major donors as individuals, but they control large amounts of both corporate and employee giving.

Although of different type than donor control of foundations, this type of control results in the same parochical, inflexible and unresponsive management as it often does in foundations. We, therefore, recommend *that the governing boards of all United Ways, United Funds and similar, ostensibly representative federated fund-raising organizations should be discouraged from having more than minimal (preferably 1/4 or less) control by effective donors.*

Redefining the Donor Community

In discussing changes in the tax laws affecting charity, we must first state that the Donee Group favors basic tax reform to restore the progressivity of the income tax and to eliminate those preferences and other devices which allow great disparities to continue. We do not, however, believe that if tax reform is gradual and piecemeal, as it is likely to be, that the tax incentives for charitable giving should be the first to go. We believe that there are far more unfair and costly tax preferences than the charitable deduction. They should be tackled first, since the benefits they provide do not compare with the support (meager though it may be) given to many useful movements and organizations for social changes.

Charitable Deduction: Tax Credit Available to Everyone; Optional Tax Credit

As long as the tax incentive remains, however, it should be available on an equal basis to all citizens without regard to income or filing status. We feel strongly that the 8 million households which do not earn enough to file a tax return and the 50 million taxpayers (60 percent of all taxpayers) who do not earn enough to itemize their deductions should also receive a government subsidy for charitable contributions. It is indeed these people who are most in need of a vigorous nonprofit sector performing advocacy roles for their interests.

We feel very strongly that the Filer Commission recommendations extending the charitable deduction to non-itemizers and allowing increased deductions for those with incomes of less than $30,000 does not go far enough towards democratizing charitable giving. Even more important it does not correct the great inequity of the present system which reverses the progressivity of the income tax by adding $70 to the $30 contribution of a wealthy taxpayer in the 70 percent tax bracket, only $14 to the $86 contribution of those in the lowest tax bracket and nothing to the contribution of those who don't itemize or file tax returns.[6]

We do not believe that the Commission's studies are adequate to predict what the changes in the present allocation pattern to various types of recipients will be as a result of democratizing the charitable deduction. However, in order to provide a period of adjustment for charities which might incur reduced income from such measures, we favor measures that would increase the total of philanthropic giving (and consequently reduce tax revenues) until alternative funding mechanisms can be implemented.

Therefore, the Donee Group recommends *that the charitable deduction be retained in its present form and that, as an intermediate measure, a 100 percent tax credit for a modest but not insubstantial amount (for example, $100) be made available to all adults whose incomes are low enough so that the benefits are concentrated on low-income people, but the revenue loss to the Treasury is not excessive.* This would give all adult citizens the opportunity to utilize the advantages available now only to the wealthy.

In addition, a tax credit equal to 30 percent of the amount contributed should be available to both itemizers and non-itemizers as an option to the charitable deduction. The present ceilings on the percentage of income that can be donated should be retained. Fixing the credit at 30 percent will reduce the inequity of the present system while increasing amounts available to all classes of recipients. We assume our plan is efficient since the 30 percent optional credit standing alone, according to Harvard Professor Martin Feldstein's calculations for the Commission, results in an increase in total giving greater than the revenue lost to the government by $500 million.

After five years there should be a review of the effects of this system (i.e., the two recommendations above) to determine how efficient, democratic and equitable it is in practice. After this period of evaluation a decision can be made as to whether the charitable deduction should be eliminated and the credits recommended here as options should take its place.

Minimum Tax Required

We cannot support the contention of the Commission that "income deducted for charitable giving should be excluded from any minimum tax provision." It is our opinion *that there should be a substantial minimum tax to prevent higher income individuals from avoiding taxation through use of deductions or preferences. That, in order to implement such a minimum tax, limitations should be placed on the use of all deductions including the charitable deduction but that the charitable deduction should be impacted last and least so as to minimize the decline in charitable giving.*

Anything less, in our opinion, would threaten the continued existence of the government subsidy to charity through the tax system by undermining public confidence in the fairness of the income tax as a whole.

Charitable Bequests: Minimum Estate Tax Required

Our recommendation on the charitable bequest is a corollary of our recommendation on the minimum tax. We feel that since it is possible to avoid paying any minimum tax at death because of charitable gift *that the charitable deduction not be allowed to prevent the payment of a minimum estate tax.*

Tax Gifts of Appreciated Property

The Donee Group believes that the deductibility of gifts of appreciated property without a tax on the increase in value constitutes one of the worst examples of the inequity of the tax system. At present:

1. A gift of property costs a taxpayer less than a gift of cash.

2. Two taxpayers with the same income, giving gifts of equal value, receive different government subsidies because of the nature of the gift.

3. It is possible for a taxpayer to realize a greater after-tax profit by making a gift of appreciated property than by selling the property, paying tax on the gain, and keeping the proceeds. (This is possible where a piece of property originally cost the owner nothing, is now worth $100 and the owner is in the 70 percent income tax bracket. By giving the property to charity, the taxpayer can subtract $100 from his taxable income and thereby pays $70 less in taxes. If the same property is sold, its after-tax value is $65 or the $100 sale price minus a $35 capital gains tax for a person in the 70 percent tax bracket. The property is worth $5 more to the owner if he gives it away than if he sells it and keeps the proceeds.)

4. These are tax preferences almost exclusively for the rich. (50 percent of appreciated property gifts come from those with annual incomes of at least $100,000.)

The Commission's recommendations would alleviate only the third problem listed above.

We favor *taxing all appreciation in donated property.* If such a change were made abruptly and in conjunction with other changes in the charitable deduction, it would have damaging effects on certain colleges, hospitals and others. Therefore we *favor a transition period in which increasing proportions of the appreciation are taxed.*

In addition we would vigorously support measures to insure public support of some institutions to substitute for those revenues lost through this measure.

Charitable Tax on Corporations

The weak and vacillating recommendation of the Commission with regard to corporate giving is a consequence of the Commission's unwillingness to recommend mandatory change and its reliance on exhortation.

Employing exhortation to increase corporate gifts to charity is a futile exercise. The Commission's own research and even corporate members of the Commission acknowledged that mere talk has not and will not increase corporate contributions.

We recommend *that there be a 2 percent tax added to the corporate tax which could be offset wholly or in part through gifts of cash to charity which were made through a private foundation, a majority of whose members were not corporate officers, board members, employees or otherwise under corporate control and which was subject to the disclosure and reporting requirements contained in our other recommendations.*

This proposal would guarantee an increase in corporate giving. It would have the further advantage that public utilities (some of whom are not permitted by regulators to make contributions) and corporations under negative pressure from stockholders would relieve themselves from all objections to contributing by this measure.

Allow Exemptions Only on Property Used for Charitable Purposes

The growing hostility of citizens to the property tax is bringing greater attention to the exemption of property owned by charities from that tax. A Filer Commission study indicates that $5 billion in property tax revenues is lost to local governments every year due to this exemption.

There is open questioning of the value to the public of the institutions which receive such benefits. For instance, in November 1975, the

District of Columbia City Council held hearings to ask nonprofit groups to justify their exemption from the property tax. The opinion of many on the Council was similar to that held in other cities, namely that the organizations are often providing benefits to suburban residents while using city services and paying no city taxes.

Other critics agree with the Filer Commission paper, "The Exemption of Religious, Educational and Charitable Institutions from Property Taxation," which says that "by its very nature, the exemption runs counter to the ideal tax of uniform rate and broad coverage and may bestow a tax competitive advantage if used by recipients to provide goods and services that have a private sector analogue. Further exacerbating their drawbacks is the fact that, once invoked, the property tax exemption device can snowball in importance, making serious inroads into the ability of at least some local governments to raise revenue equitably."

However, because the exemption is of such great importance to many nonproft organizations that its removal would creat an intolerable financial burden for them, we recommend a measure which would make the exemption more equitable without abolishing it. It would deal with the problem of charitable organizations owning property which is used for commercial purposes, thereby creating hostility through permitting unfair competition and placing a greater burden on those who do pay the tax.

Therefore, we propose *that state governments change their laws so that the exemptions from property taxes of property owned by charitable organizations is limited to the property used for the charitable purpose of the organization.*

Government Regulation of Philanthropy

Remove Exempt Organizations Function from I.R.S.

The Donee Group believes that there is a need for a highly visible, impartial, non-political agency to regulate private philanthropy. Present regulation by the Internal Revenue Service is, in Alan Pifer's words, "quite ineffective, it is characterized by a negative rather than positive attitude toward charity and it is located in the wrong place within the Government." It is our view that the I.R.S. is institutionally incapable of regulating and rendering adequate service to charitable organizations since exempt organizations are by definition excluded from the agency's main area of concern, which is raising revenue. The I.R.S. has given little attention, minimal funds and utilized the least skillful employees in their exempt organization activities.

We recognize that Congress has attempted to deal with the problem of elevating the status of the exempt organizations section of I.R.S. by creating a new office of Employee Plans and Exempt Organizations, headed by a presidential appointee. However, we believe that exempt organizations will continue to be given secondary treatment as in the past. This is borne out by the fact that since the passage of the pension legislation establishing that office, exempt organizations have continued to receive an inadequate share of resources and attention.

In addition, part of the case for removing exempt organization function from the I.R.S. can be based on the past record of the Internal Revenue Service in supervising charities. There was no significant supervision of private foundations until Congressman Patman and others in Congress began complaining about I.R.S.'s oversight of charities in the early 1960s. With the passage of the Tax Reform Act of 1969, a heavy allocation of the Service's exempt organizations resources shifted to private foundations, but very large and important classes of charities outside the foundation area still get little or no attention year after year. Another example of the failure of present regulation is demonstrated by Senator Mondale's hearings on charities which solicit contributions from the public. These hearings show that some organizations continually pay very large amounts for fund-raising and administrative expenses, with little of the money solicited from the public ever finding its way to charitable use. Another example is the series which the Washington Post ran a couple of years ago on nonprofit hospitals in the District of Columbia, exposing many self-dealing and other abuses. The discoveries in New York and elsewhere about nursing homes, many of them operating as tax-exempt charities, provide a further example.

As one of the participants in the post-Ditchley group stated in a letter to the Donee Group, "The fact simply is that the principal objective of the Service has to be revenue raising. It is, as Sheldon Cohen has often observed, the name of the agency. Little revenue is to be found among investigations of charities. Hence, this activity will always take second, third, or last place among the priorities of the people at the Service."

Furthermore, I.R.S., being part of a Cabinet Department, is subject to political pressures with detrimental effects on exempt organizations.

Some politically unpopular exempt organizations have been subjected to denial of exemption, excessive delay in rulings on exempt status and audit procedures extraordinary in both frequency and intensity.[7]

Contrary to the Commission's assertion that "except in several isolated instances, the Service has demonstrated its capacity for independent, impartial oversight of tax exempt organizations," the I.R.S. has:

1. During the McCarthy era, under both Truman and Eisenhower administrations, denied and revoked exemptions of "subversive" organizations.

2. During the Kennedy and Johnson adminstrations an "ideological organization project" was established which disrupted the activities of those exempt groups who were viewed as threats from the right or left.

3. During the Nixon administration a "Special Service Staff" was established to harrass leftwing tax-exempt organizations.

We therefore recommend *the removal of all ruling and audit functions regarding exempt organizations from I.R.S. and creation of a new independent regulatory commission with a presidentially appointed board reflecting all elements of private philanthropy, including donees.* Among other requirements, the law creating the agency should provide for regional offices and institutionalized citizen feedback and participation mechanisms. In addition, we recommend that the agency be empowered to engage in the "overview, analysis, and advancement" of philanthropic functions provided for in the Commission's recommendations. The new agency would be in a better position for information compilation and distribution than the Commission's quasi-public body.

Congressional Oversight of Philanthropy is Necessary

Establishing a new agency to accomplish informational, regulatory and advocacy goals will not be completely successful unless Congress is given specific oversight responsibilities. At present, no full or part-time staff and no legislative committee or subcommittee in either the House or Senate is devoted exclusively to examining the impact legislation will have on private philanthropy either directly or indirectly. This situation allows many bills to pass without their impact on charitable groups being assessed systematically. In the absence of a staff or congressional advocate for philanthropy with some "turf" to protect, bills with punitive provisions such as the Tax Reform Act of 1969 will continue to be passed and ignorance will continue to rule by default.

We therefore recommend *a permanent, staffed, standing committee or subcommittee in the House and Senate having oversight responsibility over any permanent regulatory or oversight agency and power to review any legislation affecting the nonprofit sector.*

Limit Fund-Raising Cost

There are presently three different bills in Congress dealing with charitable solicitation. Each is in a different committee, each has entirely different approaches to regulation and all could pass or be defeated without any joint review.

There is now no federal regulation of charitable solicitation, but instead a crazy-quilt pattern of state and local regulations with different accounting standards, fund-raising cost percentage limits, disclosure and registration requirements and regulating agencies. This greatly varying pattern allows gross fraud in some areas and unjustly penalizes legitimate charities in others and makes national fund raising especially difficult.

Organizations which solicit publicly for charitable funds have a responsibility to account fully to the public on the uses to which funds have been put in the past. Those which continue to violate the public trust through misapplication of funds should be prohibited from soliciting.

The Commission recommendation on this issue would not set a statutory limit on fund-raising costs and even more importantly would require disclosure of fund-raising costs only upon request of those being solicited. A recent study by the Office of Education determined that one out of every five adults in this country lack the basic knowledge to function in our society. A majority of American adults were found to be less than competent in dealing with consumer economics. Ascertaining fraud and deception in charitable solicitation requires even greater skills in consumer economics than the everyday skills being surveyed. The Commission's recommendation is totally inadequate to protect either the public or to rid philanthropy of charlatans.

We therefore recommend *a uniform national law limiting to 30 percent the amount that may be expended for the expenses of solicitation by an exempt organization after its first two years of operation.* All exempt organizations would be required to register with the new agency (or I.R.S. if a new agency was not created) and disclose to the public at the time of solicitation their financial audit and program evaluation. This would mean that the charity would have to prominently display their fund-raising costs on all printed solicitations and make the costs clearly evident in all other media.

Judicial Review of I.R.S. Determinations

Present laws prevent judicial review of the denial of exemption, revocation of exemption or I.R.S.'s failure to act on an application for exempt status. The only recourse is for the organization to pay a tax and then sue to recover the tax or to have a donor contest the disallowance of a deduction.

We therefore recommend *that the law be changed to allow action for declaratory judgement in federal District Court to be brought by a nonprofit organization denied exemption or seeking a determination of exempt status from I.R.S. when action is delayed for more than 90 days.*

The fact that I.R.S. has persisted in supporting the present statutes in the face of these grave difficulties is additional proof, incidentally, that tax policy and philanthropic policy should not be made in the same agency.

No Limits on Right to Receive Fees for Services

Another problem with I.R.S.'s present policy is that it makes arbitrary distinctions between charitable organizations on the basis of source of funds. It is particularly difficult to understand why some tax-exempt organizations (mainly public interest law firms) should have limits placed on their right to receive fees for services which are pursuant to their charitable purposes while other nonprofit groups (such as hospitals, colleges, etc.) operate under no such limits. We therefore recommend *that no limit be placed on the right of nonprofit groups to receive fees for services rendered in connection with their charitable purpose.*

Abolish the 4 Percent Excise Tax on Foundations

We believe that the present 4 percent excise tax on foundations deprives nonprofit groups of funds they desperately need. We also believe that tax-exempt groups should not be singled out for taxation or the payment of audit fees. We therefore favor *the complete abolition of the 4 percent excise tax.*

Permanent Payout Rate of 6 Percent

The Congress appropriately addressed a real problem in 1969 when it legislated foundation payout requirements. However, we believe that fluctuations in the foundation payout rate are not useful for the long-term planning and good management of either foundations or foundation donees. We also believe that foundations should be encouraged to increase their incomes to as high a level as possible for the benefit of potential recipients. Therefore, we recommend *a permanent payout rate of 6 percent of the market value of foundation assets plus one half of any excess of income over that.* This would give foundations an additional incentive to increase investment income and make possible preservation of the foundation's corpus.

Exempt Organizations and the Public Process

Remove Limitations on Lobbying

If philanthropy is to fulfill its rôle as the venture capital of social change, it is vitally important that certain recipients of charitable giving have access to the public decision-making processes. It is therefore one of our highest priorities that all limitations on lobbying by tax-exempt organizations be removed. The present law is extremely confusing and ambiguous. It leads many tax-exempt groups to simply avoid any activities which might arguably be regarded by the I.R.S. as objectionable. Furthermore, it leads donors to be timid in making grants to groups that have an advocacy component. The important work of tax-exempt groups, such as public interest law firms, which are actively engaged in monitoring the processes of government, is significantly impaired by the limitations on lobbying.

Tax-exempt groups are permitted to pursue their program objectives through advocacy before courts and administrative agencies; yet such advocacy is prohibited if the same matter is considered by a legislature. For example, environmental protection groups participated in deliberations concerning the construction of an Alaskan pipeline in the Department of Interior and in the courts. They provided expert testimony and advocated the conservationist viewpoint. They were, however, prohibited from using their knowledge and expertise when the matter passed to the Congress. There is no justification for this distinction, and the public interest is disserved by excluding tax-exempt groups from the legislative process.

We believe that tax-exempt monies have an important role to play in supporting citizen action groups and the innovative programs which give citizens an opportunity to participate fully in the American political, economic and social life. It is precisely these groups who feel most acutely the limitation on lobbying.

We stress the importance of this legislative change from the standpoint of the donee organizations for whom this is a significant impediment. We concur with the recommendation contained in the Filer Commission Report which urges that lobbying restrictions be abolished. We do not agree, however, that the current prohibition against lobbying by private foundations should be maintained. No organization will be required to lobby; this recommendation would merely give them the right to do so.

We therefore recommend *that all limitations on lobbying by tax-exempt organizations be removed except that no person should be allowed to form a private foundation for no other purpose than to influence legislation.*

Donee Accountability Requirements

We believe that the public trust implied by the granting of a tax exemption requires the exempt organization to give the public an accounting of its finances and an evaluation of its program. At present all 501(c)(3) organizations must file an annual report. Only reports of private foundations are available for public inspection in their entirety. Religious groups and those having less than $5,000 gross receipts do not have to file either type of report. No group is required to report a program assessment; only financial information is required, and the financial reporting standards are not uniform.

We recommend *that all exempt organizations which have been in operation for three years be required to file with the agency regulating exempt organizations (I.R.S. or the new agency) an annual report with a financial audit and program evaluation.* This report must be made available for public inspection by the regulatory agency. The agency must devise a means for easy public access for viewing the report and provide copies free of charge upon request.

Prevent Private Profit from Charitable Activity

The governors of exempt organizations also have an obligation beyond accounting to the public to refrain from using their positions to benefit themselves or their businesses to the detriment of the charity. Several instances of such self-dealing have come to light recently.

We therefore concur in the Commission's recommendation *that all tax-exempt organizations be required by law to maintain "arm's-length" business relationships to profit-making organizations or activities in which any member of the organization's staff, any board member or any major contributor has a substantial interest, either directly or through his or her family.* In addition, we recommend *that any person be permitted to initiate an action in Federal District Court to enforce this provision and that upon a finding that activities proscribed have caused a financial loss to the charity involved, the excise tax penalties applicable to private foundations be assessed against the charity and its managers and governors.*[8]

Revenue Sharing

The Donee Group is of the opinion that nonprofit groups have an invaluable role in monitoring government and influencing public policy, especially on the local level. In addition they can perform many public service functions as well as or better than government agencies by performing more efficiently or by being better able to relate to the community being served.

There is a trend towards exclusion of local, regional and national nonprofit groups from access to federal funds at a time when public needs are great, funding for nonprofit groups is declining and the responsiveness of local governments remains low. Many states have statutory provisions which prohibit outright or limit the granting of federal revenue sharing, special revenue sharing and block grant funds to nonprofit groups.

We recommend *immediate legislative changes to guarantee the availability of revenue sharing funds to private nonprofit groups.* In addition, we urge changes in the procedures for public notice, public hearings and the determination of criteria for local revenue sharing distribution so that nonprofit groups have equal access with government agencies to this important source of funds.

In addition, there is a need for the new agency, if it is created, or some other body to make a continuing and periodic evaluation of the relative effectiveness of profitmaking, government and nonprofit service providers in many human service areas. This would provide some basis upon which to make judgements about appropriate roles for public and private agencies.

Members of the Donee Group

Those who have signed this report do so as individuals only and the names of their organizations appear for identification only. No endorsement of this report should be imputed to any group listed below.

Thomas R. Asher
Msgr. Geno Baroni, President, The National Center for Urban Ethnic Affairs
Barbara Bode, Executive Director, The Childrens Foundation
Wilfred Chabrier, Association of Neighborhood Housing Developers
Alicia Christian
Carl Clark, Executive Director, Commission for the Advancement of Public Interest Organizations
John Dixon
Pablo Eisenberg, President, Center for Community Change
George Esser, Executive Director, Southern Regional Council
Marge Gates, Co-Director, Center for Women Policy Studies
Charles Halpern, Executive Director, Council for Public Interest Law
Robert Hearn
Alice Kinkead
Norton J. Kiritz, President, The Grantmanship Center
Albert H. Kramer, National Citizens Committee for Broadcasting
Maggie Kuhn, National Convener, The Gray Panthers

Arthur Naparstek, Director of Policy, Planning and Research, The National Center for Urban Ethnic Affairs

Waldemar Nielsen

Peter J. Petkas, Director, Southern Governmental Monitoring Project

Lydia Ratcliff, Good Health Center

Walter Smart, Executive Director, National Federation of Settlements and Neighborhood Centers

David Horton Smith, Professor, Boston College and Executive Director, Association of Voluntary Action Scholars

Margery Tabankin, Executive Director, The Youth Project

Mary Jean Tully, President, NOW Legal Defense and Education Fund

Raul Yzaguirre, Executive Director, National Council of La Raza

Ann Zill

Donee Group Staff

James W. Abernathy, Jr.

Theodore J. Jacobs

Footnotes

1. David Horton Smith describes these groups as having the following characteristics: smaller, newer, poorer, local, "grassroots," unaffiliated, participatory, self-help, technical assistance oriented, minority, disadvantaged, social action, advocacy, experimental, social change oriented, innovative, issue oriented, public interest, corporate/governmental monitoring. See also, Appendix D., "List of Participants," Summary Report on June 30, 1975, Los Angeles Conference, for the types of organizations considered here.

2. For a most thoughtful analysis of these issues, see Thomas R. Asher's paper, "Public Needs, Public Policy and Philanthropy."

3. "Preserving the Private Voluntary Sector: A Proposal for a Public Advisory Commission," published by the Commission.

4. See also, Thomas R. Asher's paper "Public Needs, Public Policy and Philanthropy," especially for further description of the types of organizations to which we refer.

5. A survey done for the Donee Group by Amy Libenson showed that the majority of private foundations listed in the Foundation Directory, Edition 5, had substantial donor control. The method used to determine "donor control" was simply to identify only those trustees whose surname matched the surname of the donor. That is the most conservative method of determining donor control since it excludes relatives with different last names, employees, business associates and personal acquaintances.

6. This occurs because of the varying actual cost to the taxpayer of identical donations given by donors in different tax brackets. A $100 gift given by a wealthy individual in the 70% tax bracket actually costs that person only $30 – if the contribution had not been made, $70 of the $100 would have been paid in taxes. In essence, the government has added $70 to the wealthy person's $30 gift. However, for someone in the lowest (14%) tax bracket, a $100 gift has an actual cost of $86. And for someone who does not itemize deductions or file a tax return, there is no government subsidy – a $100 gift costs $100.

7. See Philip W. Moore's paper, "Foundation Grants to Corporate Activist Groups – the Donee Perspective." See also Waldemar Nielsen's description of the Internal Revenue's Special Services Group and related examples of I.R.S. political involvement, in Nielsen, *The Big Foundations*, pp. 375-76.

8. It should be made clear to any readers who are not familiar with the arm's-length standard that this provision does not prohibit dealings between a charity and its board. All it does is prevent transactions which are less favorable than the charity could get elsewhere.

Part II

History, Trends, and Current Magnitudes

PRIVATE PHILANTHROPY AND PUBLIC NEEDS: HISTORICAL PERSPECTIVE

Robert H. Bremner †

Introduction

Even a brief history of American philanthropy in all its aspects and in every period of American national development would require more extended coverage than is offered in the following pages. The paper treats and is intended to provide historical perspective on problems believed to be of particular concern to the Filer Commission. These include the significance of voluntary associations in American society, efforts by public and voluntary agencies to prevent pauperism and relieve poverty, the influence of the doctrine of stewardship and "gospel of wealth" on philanthropic giving, the origins of early American philanthropic foundations and their endeavors for the advancement of knowledge and human welfare, and relationships between government and private philanthropy in meeting public needs.

The organization of the paper is both chronological and thematic. The first and third sections examine the development of philanthropic ideas and expressions in the colonial period and the early republic and the flowering of these ideals and practices,. under greatly changed circumstances, in the early years of the twentieth century. The second and fourth sections deal with issues—poverty, pauperism, and private-public responsibilities in welfare—which have been central to philanthropic development throughout American history. There are intentional overlaps between the chronological and thematic sections. On the other hand, many viable topics (the American Red Cross, disaster relief, health services, and support of the humanities and the arts, for example) have had to be slighted. Inclusion of the material on these topics would have enriched the text, but its omission does not affect the conclusion.

I

THE ROOTS OF AMERICAN PHILANTHROPY

We do not need to exaggerate the extent of our national generosity to recognize that voluntary benevolence has played a large role and performed important functions in American society. Here, as elsewhere, philanthropy—defined by Merle Curti as private giving for public purposes—has covered a wider field than charity; the problems of the poor have not been philanthropy's only concern.[1] We are all indebted to philanthropic reformers who have called attention to and agitated for abatement of the barbarities inflicted by society on its weaker members. We are all, in some degree, beneficiaries of philanthropy whenever we attend church, go to college, visit museums or concert halls, draw books from libraries, obtain treatment at hospitals, or spend leisure hours in parks. Most of us use, or may have occasion to use, institutions and services now tax supported, which originated as philanthropic enterprises. We continue to rely on philanthropy for the support of scientific research, for experimentation in the field of social relations, and for diffusion of knowledge in all branches of learning.

Despite the impressive record of American philanthropy, both the word philanthropy and the ideas it carries with it arouse mixed feelings in American breasts. There is something about philanthropy that seems to go against the democratic grain. We may be willing to help others, but we are not humble enough to appreciate the efforts of those who would bend down to help us. We expect rich men to be generous with their wealth and criticize them when they are not; but when they make benefaction, we question their motives, deplore the methods by which they obtained their abundance, and wonder whether their gifts will not do more harm than good. Our literature abounds in portraits of foolish or hypocritical philanthropists. Newspaper and magazine editors decry the activities of "do gooders" and "bleeding hearts"; conservatives denounce "sentimental humanitarianism"; and radicals sneer at the "palliatives" offered by "mere philanthropic reform." The prejudice against philanthropy is felt even by its practitioners. Many of our most active and generous benefactors have resented being called philanthropists (literally, lovers of mankind) and have denied that their works have a philanthropic purpose.

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Attitudes toward philanthropy, like so many other aspects of American life, have been strongly influenced by the Protestant Reformation, and especially by Calvinism. The attacks Calvin and other reformers launched against the doctrine of good works shifted the purpose of benevolence from doing good for the sake of one's own spiritual welfare to doing good for the love and glorification of God. Since the Reformation the message of nearly all moral and economic philosophers has been that true charity means helping others, not ourselves, and that the major consideration in giving should be the effect of this gift, for good or ill, on the recipient.

This shift in emphasis imparted an air of seriousness to all philanthropic undertakings. The obligation to give wisely and responsibly was further strengthened by the doctrine of stewardship, which has played a major role in the principle and practice of American philanthropy from the time of John Winthrop to John D. Rockefeller. William G. McLoughlin, a leading historian of religion, offers a succinct statement of the doctrine:

> Because all property is temporal and all ownership ephemeral, man is, in the divine scheme of things, simply a steward of God who is the rightful owner of the universe. A good steward must be diligent in his master's service and increase his master's business. One way to glorify God was to get rich. But because the money a man made was not his own, since God in his providence gave a man whatever wealth he might accumulate in order that he might use it wisely, no man had a right to spend his wealth on luxuries for himself. He must either invest his wealth in order to increase his master's business, or he must use it for promoting the kingdom of God on earth as it is in heaven—that is, in creating a just and pious social order.[2]

The age of colonization coincided with one of the great periods of European philanthropy. The seventeenth century saw the launching of heroic missionary enterprises, a revival of interest in charitable works, the development in England of a system of tax-supported poor relief, and the organization of a host of associations for specialized philanthropic purposes. America inspired some of these undertakings and benefited directly or indirectly from nearly all of them, for the discovery of the New World affected the conscience as well as the cupidity of the Old. Almost every effort at colonization had, or claimed to have, a philanthropic motivation: there were natives to be converted to Christianity, poor men to be provided with land and work, and a wilderness to be supplied with the institutions of civilization. It is not too much to say that many Europeans regarded the American continent mainly as a vastly expanded field for the exercise of benevolence.

The real founders of American philanthropy, however, were men and women who crossed the Atlantic to establish communities that would be *better* than, instead of like or different from, the ones they had known at home. The Puritan leader, John Winthrop (1588-1649), forthrightly stated their purpose in the lay sermon, "A model of Christian Charity," which he preached on the ship "Arbella" to "the great company of religious people" voyaging from old to New England in the year

1630. Winthrop used "Charity" as a synonym for love rather than in the modern sense of aid to the poor; and the "Model" he proposed was not a new scheme of benevolence but a code of conduct for a company of Christians who had entered into a covenant with God. The Puritans' God permitted no breach of contract but demanded strict performance of each article in the covenant. Therefore, as Winthrop said, "in this duty of love we must love brotherly without dissimulation, we must love one another with a pure heart fervently, we must bear one another's burdens, we must not look only on our own things but also on the things of our brethren."

Winthrop justified disparities in wealth and condition as divinely ordained. He had no wish to tamper with God's design, and he did not hesitate to distinguish between "the great ones," "high and eminent in power and dignity," and "the poor and inferior sort" of men. Winthrop looked upon such distinctions as necessary for the good and preservation of society. He was convinced, however, that no man was made richer or more honorable than his neighbor for his own sake, but only "for the glory of his creator and the common good of the creature man." The poor must not rise up against their superiors; neither should the rich and mighty be allowed to eat up the poor. Differences in condition existed, not to separate and alienate men from one another, but to make them have more need of each other and to bind them closer together "in the bond of brotherly affection."

Half a century after Winthrop and the Puritans started to build their city upon a hill in New England, William Penn (1644-1718) began his holy experiment in Pennsylvania. Although Penn founded the colony as a refuge for Quakers and members of other persecuted sects, the idea of withdrawing from or renouncing the world had no place in his plans. "True Godliness," he said, "don't turn men out of the World, but enables them to live better in it, and excites their Endeavors to Mend it." To Penn and the Quakers there was no conflict between efforts to live better in the world and endeavors to improve it. The two were inseparably bound together, and the one was the means of achieving the other. Living better in the world meant following the rule of moderation or, more specifically, observing diligence (the middle path between drudgery and idleness) and frugality (as opposed to the extremes of miserliness and extravagance) in one's daily affairs. Mending the world was to be accomplished by employing the rewards of diligence and frugality for benevolent and humanitarian purposes—not casually and incidentally, but wholeheartedly—as the major business of life. The Quaker outlook, radical in its belief in separation of church and state and in its insistence upon the individual's right of freedom of conscience, was conservative in its attitude toward social organization. Penn, no less than Winthrop, deemed class distinctions an essential part of the divine order. God has not placed men "on the level," he said, but has arranged them in descending orders of subordination and dependency; due respect for these God-ordained differences required "Obedience to Superiors, Love to Equals, . . . Help and Countenance to Inferiors." Penn himself emphasized the responsibilities rather than the privileges that went with rank. He took the doctrine of stewardship both seriously and literally, believing that men were indebted to God not only for their wealth but for their very being, and accountable to Him for the way they spent their lives as well as their fortunes.

Penn's writings, personal influence, and deeds left an indelible influence on Quakerdom and, through his followers, on nearly all subsequent humanitarian movements. Penn was, however, an Englishman. He visited America only twice, at widely separated intervals, and his total stay in this country amounted to no longer than four years. It is not Penn, therefore, but a native Yankee, the grandson of two of the founders of Massachusetts, who must be considered the chief exponent of do-goodism in colonial America.

Cotton Mather (1663-1728) is one of the commanding figures in the history of American philanthropy. The son of a president of Harvard, and himself one of the founders of Yale, Mather was the most prolific and conspicuously learned writer of the colonial period. Of the approximately 450 works he is known to have published, one of the least pretentious, *Bonifacius*, or, as it is usually known, *Essays To Do Good* (1710), enjoyed the greatest and longest popularity. In it Mather proposed that men and women, acting either as individuals or as members of voluntary associations, should engage in "a perpetual endeavor to do good in the world." Mather regarded the performance of good works as an obligation owed to God rather than as a means of salvation; yet, as a constant expounder of the doctrine of stewardship, he had no doubt that God would punish the unfaithful steward. Moreover, doing good was a reward in itself. To help the unfortunate was an honor, a privilege, "an incomparable pleasure." Mather cited an entire catalogue of worldly advantages including long life and business success he thought would surely accrue to the benevolent. Besides, as Mather took pains to point out, doing good was sound policy, a mild but effective instrument of social control. Pious example, moral leadership, voluntary effort, and private charity were the means by which competing and conflicting interests in society might be brought into harmony.

Mather's own charitable gifts were sufficient to make him a one-man relief and aid society. But Mather's real contribution to the practice of philanthropy lay in his recognition of the need for enlisting the support of others in benevolent enterprises. He was a tireless promoter of associations for distributing tracts supporting missions, relieving needy clergymen, and building churches in poor communities.[3] At the same time, in sermons and private conversations, he called the attention of the rich to the needs, physical as well as spiritual, of the poor. From personal experience he learned that the recompense of the charitable was multiplication of occasions to be serviceable. "Those who devote themselves to good devices," he drily observed, "usually find a wonderful increase of their opportunities." In a beautiful simile he likened a good deed to "a stone falling into a pool—one circle and service will produce another, till they extend—who can tell how far?"

Despite, or as Mather would have said, because of his sincere concern for the poor, he advocated extreme care in the bestowal of alms. "Let us try to do good with as much application of mind as wicked men employ in doing evil," was his motto. Giving wisely was therefore an even greater obligation than giving generously; and withholding alms from the undeserving was as needful and essentially benevolent as bestowing them on the deserving. In a famous and widely approved sermon delivered in 1698, Mather told the good people of Boston: "Instead of exhorting you to augment your charity, I will rather utter an exhortation . . . that you may not *abuse* your charity by misapplying it." He was disturbed by the increase of idleness and fearful that an excess of benevolence might nourish and confirm the idle in their evil ways. "The poor that can't work are objects for your liberality," he said. "But the poor that *can* work and *won't*, the best liberality to them is to *make* them." The thing to do was to cure them of their idleness: "Find 'em work; set 'em to work; keep 'em to work. Then, as much of your bounty to them as you please."

The most famous tribute to the *Essays To Do Good* came from Benjamin Franklin (1706-90). In old age Franklin advised Samuel Mather, Cotton's son, that the *Essays* had influenced his conduct throughout life. "I have always set a greater value on the character of a *doer of good*, than on any other kind of reputation," he wrote, "and if I have been . . . a useful citizen, the public owes the advantage of it to that book."

In addition to numerous similarities, there was a significant difference between Franklin's views and those of Mather. Mather dreamed of a city in which each house would have an alms-box bearing the message "*Think* on the Poor." Franklin, however, conceived of a society in which there would be no poor and little need for relief or charity. As Franklin preached it, the gospel of industry, frugality, and sobriety was worldly wisdom rather than spiritual discipline. He introduced a secular spirit into the do-good gospel and shifted the emphasis from pious works and personal charity to efforts to further the general welfare. To Franklin, God was "the Great Benefactor." His religion consisted in the belief that men should show their gratitude to God "by the only means in their power, promoting the happiness of his other children."

Franklin's philanthropic activities, although varied, followed a consistent pattern. Starting in 1727 with the Junto, a club for the mutual improvement of its members, and the library (1731) which was the Junto's first offshoot, Franklin proceeded to organize or assist in organizing a host of civic projects. He founded a volunteer fire company, developed schemes for paving, cleaning, and lighting the streets of Philadelphia, and sponsored a plan for policing the city. His political talents were never better displayed than in his ability to unite public and private support behind municipal improvements.[4] He played a leading part in the establishment of both the Pennsylvania Hospital (1751) and the academy that became the University of Pennsylvania. Funds provided in his will made possible the founding, more than a century after his death, of a technical institute in Boston. His interest in "improving the common Stock of Knowledge" led to the formation in 1743 of the American Philosophical Society, the first and for many years the foremost American institution for promoting research in the natural and social sciences.

Franklin demonstrated that the sovereign remedy of self-help, so often prescribed for individuals, could be applied with equally beneficial results to society. He did not invent the principle of improving social conditions through voluntary associations, but more than any American before him he showed the availability, usefulness, and appropriateness of that method to American conditions. The voluntary method, as Franklin's success with it suggested and as later events were to prove, was precisely suited to the inclinations of his countrymen.

Walter Trattner, writing of the era of the American Revolution, observes:

> Groups were formed for every imaginable purpose—to assist widows and orphans, immigrants and Negroes, debtors and prisoners, aged females and young prostitutes; to supply the poor with food, fuel, medicine, and employment; to promote morality, temperance, thrift, and industrious habits; to educate poor children in free schools and in Sunday schools; to reform gamblers, drunkards, and juvenile delinquents.
>
> In Boston, the Society for Encouraging Industry and Employing the Poor was created. A society to relieve "every poor person without distinction" was founded in South Carolina in 1764. The Society for Innoculating (and providing medical care for) the Poor Gratis was organized in 1774 by Philadelphia doctors. Marine societies to aid disabled seamen and their families were created throughout the land.[5]

The principle of voluntary association accorded so well with American political and economic theories that as early as 1820 the larger cities had an embarrassment of benevolent organizations. Emerson in "Self Reliance" (1841) warned the "foolish philanthropist" not to come to his door begging for "your miscellaneous popular charities; the education at colleges of fools; the building of meeting-houses to the vain end to which many now stand; alms to sots, and the thousand-fold Relief Societies." For the rest of the century, and even to our own day, one of the major problems of charity reformers would be to discover ways to coordinate the activities and fund drives of these competing agencies. In 1829 the economist and publisher, Matthew Carey, attempted—without much success—to interest Philadelphians in a single subscription campaign for the 33 benevolent societies then operating in the city. During the first half of the nineteenth century, societies for moral reform of individual sinners and for the redemption and regeneration of a sinful world, multiplied even more rapidly than relief and aid organizations. As improvements in transportation and communication made it easier for people to join together, local societies merged into regional and then into national associations. William Ellery Channing, who disliked the substitution of the group for the individual conscience, remarked in 1829 that there was scarcely an object, good or bad, for whose advancement an association had not been formed.

Even after the passage of nearly a century and a half, Alexis de Tocqueville's comments, in *Democracy in America* (1835), on the nature and significance of the American penchant for voluntary association and activity remain pertinent:

> Americans of all ages, all stations in life, and all types of disposition are forever forming associations. There are not only commercial and industrial associations in which all take part, but others of a thousand different types--religious, moral, serious, futile, very general and very limited, immensely large and very minute. Americans combine to give fetes, found seminaries, build churches, distribute books, and send missionaries to the antipodes. Hospitals, prisons, and schools take shape in that way. Finally, if they want to proclaim a truth or propagate some feeling by the encouragement of a great example, they form an association. In every case, at the head of any new undertaking, where in France you would find the government or in England some territorial magnate, in the United States you are sure to find an association.[6]

II

PAUPERISM AND POVERTY

The causes and consequences of poverty are among the oldest of human concerns. The Bible abounds in references, often contradictory, to the poor and to the blessings and penalties of poverty. During the medieval and early modern eras, when relief of the destitute was a function of the church rather than of secular government, canon lawyers attemped to reconcile Biblical texts and combine them with the writings of early churchmen into a body of principles governing the treatment of various kinds of poor people. Efforts to formulate a poor law that would be at once humane and economical antedated settlement of the New World by many centuries. During the 200 years preceding the founding of the colonies, as the English government assumed greater authority and responsibility in poor relief, the question of how to aid "the deserving poor" without provoking vagrancy and encouraging "able-bodied beggars" received increasing attention from King and Parliament.

Colonization of the present United States began in an era of political turmoil, social and religious unrest, and economic distress. "This land grows weary of her inhabitants," John Winthrop wrote of England on the eve of the Puritan migration to Massachusetts Bay. "Many of our people perish for want of sustenance and imployment; many others live miserably . . . All of our towns complain of the burden of poor people, and strive by all means to rid themselves of any such as they have, and to keep off such as would come to them."[7] Winthrop's observations appeared in a circular justifying and advocating migration to the Massachusetts Bay Colony. At the time (1629) England had experienced almost three decades of welfare reform under provisions of the Elizabethan Poor Law of 1601. This act authorized parishes, the smallest local units of government, to levy taxes in order to deal with three classes of dependents: vagrants (that is, the willfully idle), who were to be whipped and/or committed to houses of correction; the unemployed, who were to be put to work on materials supplied by the parish; and the helpless (the aged, infants, the sick, and the blind), who were to be assisted either in their own homes or in almshouses, or in the case of older children, bound out as apprentices.

The "burden of poor people" Winthrop referred to also included the working poor who found "sustenance" and "imployment" uncertain or difficult to obtain in the Old World. Inducing, and sometimes forcing, these unfortunates to emigrate to the colonies was one of the means by which seventeenth century Englishmen hoped to rid themselves of the burden of poor relief. The theory was that transportation of the able-bodied poor, especially the young, would have a wholesome effect on the communities which thus disposed of their surplus population, prove beneficial to the persons transported, and provide New World planters with a supply of cheap labor.

The hope that the New World would solve the Old World's poverty problem was not to be realized, but for three centuries after Winthrop's time America offered the poor of Europe a new chance and the hope of independence. The long and perilous voyage, the immigrants' lack of resources, and harsh conditions of settlement guaranteed that many newcomers would face a difficult period of adjustment. Colonial records abound in references to orphans, abandoned infants, forsaken mothers, and "problem families" incapable of providing members with either physical support or moral direction.

All of the English mainland colonies followed the mother country's example in assigning responsibility for financing and dispensing poor relief to local authorities and limiting assistance, except in emergencies, to persons who by birth or a year or more of residence, had legal settlement in the township or county in which help was sought. Ordinarily the wardens or overseers imposed a "means test"–proof of need and absence of relatives who might provide support–as a condition of relief. Since local autonomy was the rule, the kind and amount of assistance provided varied from colony to colony and even between different localities within the same colony. In New England, town officers were conscientious in seeking out and relieving poor families who had legal settlement in the town and warning out or passing on the poor who could not claim settlement. Officials did not hesitate to take the children of poor families out of their homes and bind them to service with someone who would agree to keep them and employ them until they grew up. For example, a town meeting at Hartford, Connecticut, in 1694 ordered selectmen "to bind out Ruth Grant's two boys to apprentice upon the best terms they can, and with as little charge to the town as may be, and for Ruth to procure a good service for her if she cannot support and provide for herself."[8]

Independence had no effect on welfare methods except, as in Virginia, where disestablishment of the church transferred responsibility for administering relief from church wardens to county wardens of the poor. As new states entered the Union they enacted poor laws based upon those in the seaboard states. The variety of methods in use within a single state 75 years after Independence is indicated by the following passage from a report on poor relief in Rhode Island in 1851:

> Four different modes are pursued by the towns in maintaining their poor.
> First. By venduing them [i.e. auctioning them off] to the lowest bidder.
> Second. By contracting for their maintenance, with an individual, or individuals, through the agency of a committee or otherwise.
> Third. By placing all the poor in one Asylum, owned by the town.
> Fourth. By placing all such in an Asylum as are bereft of home and friends, and administering outdoor relief to such as have.

The author of the report, Thomas R. Hazard, said of the first method, "When stripped of all disguise, selling the poor to the lowest bidder, is simply offering a reward for the most cruel and avaricious man that can be found to abuse them." Hazard favored the fourth or mixed system of combining almshouse care for the destitute and helpless with outdoor relief for the needy who could maintain themselves at home with some outside assistance.[9]

Before 1820 only the larger towns and cities maintained public asylums for paupers.[10] Most communities relied on the simpler, more informal methods of outdoor relief, auctioning off the poor, or arranging for their care by a private contractor. Replacement of these methods by institutional care in a publicly supervised poorhouse or, better, poor farm, was the goal of welfare reformers in the first half of the nineteenth century. In 1824, J. V. N. Yates, secretary of state of New York, who advocated establishment of county almshouses throughout the state, summed up the advantages of institutional care as opposed to outdoor relief:

> Of all the modes of providing for the poor, the most wasteful, the most injurious to their morals and destructive to their industrious habits is that of supply in their own families . . . The most economical mode is that of the Alms Houses; in which work is provided for every degree of ability in the pauper; and thus the able poor made to provide, partially at least for their own support; and also to the support, or at least the comfort of the impotent poor.[11]

Where poorhouses were already in existence efforts were made to put them on a paying basis. A New Haven industrialist, James Brewster, appalled at the deplorable conditions of the New Haven almshouse, worked for many years to apply the systematic organization he utilized in his carriage factory to the poorhouse. In 1856 he wrote an open letter entitled "Self-Supporting Pauperism" to the *New York Tribune* reporting the success achieved in New Haven and recommending that New York City adopt the New Haven plan.

New Haven's paupers must have been an exceptional lot. At least there are few other examples of self-supporting almshouses. Under the best management the inmates of poorhouses were unable because of age or physical condition to perform much productive labor. Under the worst management, which is what almshouses often received, they deteriorated into custodial institutions for the old and the young, the feebleminded, insane, epileptic, and crippled. Every now and then someone like Hazard or the novelist, Edward Eggleston, in *The Hoosier School Master* (1871), exposed conditions in poorhouses, but in the face of public indifference and taxpayers' resistance to levies for the poor, not much was done to improve them.

The principal justification for the proposed and sometimes actual abolition of outdoor relief (that is, aid to the poor in their own homes) was that private charity could and should take care of the poor who were deserving, helpable, and not fit subjects for the almshouse. But to take on a task of such magnitude private charity had to reform itself. Throughout the latter two thirds of the nineteenth century numerous attempts were made to put private charity on a rational, unsentimental, business-like basis. In order to attain this objective it was necessary to discipline the charitable impulse, discourage implusive giving, and insist on discrimination in aid. Charity organization societies founded in the 1870s and 1880s emphasized the necessity for careful, thorough investigation of an applicant's need and, as far as possible, recommended giving service rather than money. The slogan of the societies was "Not alms but a friend." The basic assumption was that private charity, wisely administered, was better than public aid. Charity "helped," relief "pauperized." Josephine Shaw Lowell, founder of the New York Charity Organization Society, spoke of the stigma "rightly attached" to the acceptance of public assistance.

Despite the presumed superiority of private charity to public welfare the same trends were apparent in both. Practically speaking, neither charity nor welfare recognized the right of the poor to relief. In each case responsibility for granting assistance to the poor was exercised in an arbitrary fashion. The poor could be subjected to any test which the dictates of economy or the policy of overseers of the poor or directors of a charitable society might devise. In neither case, however, was there any assurance that the responsibility would be fully discharged–that is, that adequate relief would be provided to those in need.

The positive side of the nineteenth century war on pauperism was adoption of social and economic reforms which were advocated and defended as measures for preventing dependency. More or less in chronological order these included laws prohibiting or regulating the sale of alcoholic beverages, establishment of reformatories for juvenile delinquents, provision of educational institutions for the blind, deaf, and mentally retarded, the winning of free, public, tax-supported education, adoption of a liberal policy regarding disposition of public lands, recognition of workingmen's right to organize and bargain collectively, establishment of housing and sanitary codes, removal of children from almshouses, and regulation of child labor. Although all of these were presented, in part at least, as preventives of pauperism, the issue of care of dependent children has particular relevance to contemporary welfare problems.

Better provision for needy children was an essential step toward breaking the cycle of dependency. Although numerous sectarian orphan homes were founded in the middle third of the nineteenth century, many unfortunate children continued to be sent to public poorhouses where they were raised with and treated as paupers. Nearly all reformers agreed on the unsuitability of conglomerate almshouses for child-rearing and advocated removal of children from poorhouses to environments better suited to their development as responsible citizens. There was difference of opinion, however, whether the children should be sent to special institutions to be raised in the religious faith of their parents and subjected to close supervision or placed out in private homes and allowed to grow up under the care and instruction of foster parents. A third alternative was to provide a surviving parent—typically a widowed mother—with an allowance so that she could maintain her children in their own home under her care. This was the method endorsed by the first (1909) White House Conference on Children, which declared home life "the highest and finest product of civilization" and went on record as opposing the breakup of homes solely because of poverty.

The conference recommended that mothers' aid be financed by charity rather than public funds, but the mothers' pension laws adopted in 45 states in the 20 years after 1911 authorized payments from money raised by taxation. Critics saw this as a retreat toward outdoor relief; advocates argued that mothers were the best guardians of their children's welfare and that it was sound policy to encourage them to devote full time to care of homes and children. The laws were permissive rather than mandatory and were so administered that only mothers deemed "fit" and "proper" received aid. Nevertheless, by the 1920s, almost as many dependent children were being cared for in their own homes as in institutions and many more than in foster homes. This revolutionary change in methods of helping dependent children was to be continued and expanded under one of the provisions of the Social Security Act of 1935.

Somewhere around the turn of the century, American reformers and publicists shifted their attention from pauperism to poverty. Poverty, declared writers like Robert Hunter, was a bigger problem than pauperism. It included not only the dependent and destitute but also low-paid workers subject to unemployment, accidents, and other economic hazards not of their making and beyond their individual control. Even before 1929, the want and insecurity of the poor seemed attributable less to personal failings of the sufferers than to inequality in the distribution of wealth and income and the haphazard operation of the economic machine.

The experience of the great depression of the 1930s embedded these convictions in the consciousness of a large segment of the American people. The depression shattered the myth that private charity could tide deserving poor over bad times. It also required state and federal governments to become much more involved in welfare activities than ever before. Between 1930 and 1933, states joined local governments in efforts to deal with unemployment relief. When President Franklin D. Roosevelt took office in March 1933, the federal government was already lending states and cities funds which provided 80 percent of all aid to the unemployed. After 1933, federal agencies made emergency grants to states and municipalities for cash and work relief. Beginning in 1935, the Works Progress Administration (WPA), the New Deal's major relief program, provided jobs for an average of 2,000,000 persons a month for six years.

In contrast to WPA and other emergency programs, the Social Security Act of 1935 sought to provide a long-term answer to problems of economic insecurity. As adopted, the act was modest in scope and coverage, but it has been periodically amended to increase benefits and to bring more people under its protection. The 1935 law provided for a national system of old-age insurance financed by contributions from employers and employees, state-administered unemployment insurance financed by a federal payroll tax, and grants-in-aid to states for federally approved but state-administered programs for maternal and child health, aid to the blind, aid to the aged not eligible for federal old-age insurance, and aid to dependent children. The public assistance provisions of the act were included on the theory that even in times of prosperity the handicapped, aged, and children without an adult breadwinner in the home would require public aid. The system of grants-in-aid avoided constitutional questions regarding the role of the national government in welfare; it allowed federal participation in funding and establishment of standards while permitting states to maintain autonomy in operating public assistance programs.

Numerous other New Deal reforms strengthened the position of organized workers and installed "built-in stabilizers" in the economy. War and post-war prosperity encouraged belief that expanding productivity would solve problems of poverty and dependency. In the 1950s, however, "pockets of poverty" were discovered in areas such as Appalachia, and government reports called attention to a "low income population" seemingly immune to the benefits of economic growth. At the end of the decade an estimated 40 million Americans, representing 22 percent of the population, lived in poverty.

President Johnson, in signing the Economic Opportunity Act of 1964, which launched his administration's war on poverty, announced that its purpose was "not to make the poor more secure in their poverty but to . . . help them lift themselves out of the ruts of poverty."[12] The act, focusing most of its attention on disadvantaged youth, provided training to equip young people for work; it also incorporated programs to encourage involvement of the poor, organized and assisted by federally paid advocates, in efforts for community betterment.

Despite the war on poverty and the officially recorded decline in the number of persons in poverty,[13] welfare rolls and expenditures increased precipitously in the 1960s. Between 1959 and 1969 the cost of such federally assisted programs as aid to the aged, the blind, and the disabled doubled and that of aid to families with dependent children (AFDC) tripled. By 1972 the nation's welfare rolls exceeded 15 million persons, almost 11 million of whom are under AFDC. In 1969 President Nixon proposed to eliminate AFDC in favor of a family assistance plan that would have assured a minimum income for all families but would also have required all recipients except persons unable to work and mothers of very young children to register for work or training. Twice passed by the House of Representatives, the measure failed to receive approval of the Senate. Administration statements extolling "workfare" and denouncing "the welfare mess," and the emphasis debates in and out of Congress placed on stringent work tests, suggested that the nation's distrust of pauperism was still stronger than its determination to combat poverty.

III

THE GOSPEL OF WEALTH AND THE BEGINNING OF THE GREAT FOUNDATIONS

The most famous document in the history of American philanthropy—although the word philanthropy does not appear in it—is an article entitled "Wealth," published in the *North American Review* in June 1889. The author was Andrew Carnegie. Born in a weaver's cottage in Dunfermline, Scotland, in 1835, Carnegie had come to the United States in 1848. As the eldest son of a poor family, he was old if not large for his years, and at the age of 12 cheerfully and self-confidently assumed the responsibilities of breadwinner. "Anybody can get along in this country," he wrote in 1852. "If I don't it will be my own fault." Andrew Carnegie, likable, alert, shrewd, and able, got along famously. By 1889, thirty times a millionaire, he had been a rich man for more than 20 years. For him the question had long been not how to gain wealth but what to do with it. He had reached some conclusions on the problem as early as 1868, and in 1887 had told his friend William E. Gladstone that he considered it a disgrace to die rich. Now, in his famous essay, he proposed that millionaires, instead of bequeathing vast fortunes to heirs or making benevolent grants by will, should administer their wealth as a public trust during life.

Carnegie attributed his own and other millionaires' wealth not to Providence but to fitness to survive and triumph in the competitive struggle. The trusteeship Carnegie proposed thus differed from traditional doctrines of stewardship. The millionaire, a product of natural selection, was an agent of the public, of the forces of civilization, rather than a servant of God.

An English critic, astounded by the brashness of Carnegie's scheme, named it the gospel of wealth to distinguish it from the gospel of Christianity. With customary good humor Carnegie accepted the label. As a matter of fact, there were religious overtones in Carnegie's gospel. He was willing to have the scriptural passage about the difficulty of rich men entering the kingdom of Heaven interpreted strictly, and he believed that laboring for the good of one's fellows was the essence of Christ's teaching. But, as Carnegie frankly admitted, he did not believe that under modern conditions much good could be accomplished by imitating the life or methods of Christ. Let the laws of accumulation and distribution be left free; let the able and energetic dispose of their surplus as they saw fit; the millionaire class, working toward the same objectives as Christ but (as Carnegie said) "laboring in a different manner," would someday bring "Peace on earth, among men good will."

According to the gospel of wealth, philanthropy was less the handmaid of social reform than a substitute for it. Wise administration of wealth was an antidote for radical proposals for redistributing property and a method of reconciling the poor and the rich. Carnegie spoke of "the temporary unequal distribution of wealth"; like his mentor, Herbert Spencer, however, he though that it would take eons, an overturn of natural laws of economics, and an almost inconceivable revolution in human nature to erase that inequality. He believed it was a waste of time to challenge evolutionary processes, and he was firmly convinced that the only alternative to the system that rewarded millionaires with palaces and laborers with cottages was one that would condemn all to hovels. But Carnegie was no less convinced that "administrators of surplus wealth"—his term for philanthropists—had it in their power to bestow benefactions of lasting benefit on their weaker and poorer brethren.

Had Carnegie chosen to do so, he might have said simply that men possessed of more wealth than they could possibly use would be well advised to employ it for the public good. Possibly that was all he really meant. Although Carnegie preached and practiced giving on an undreamed-of scale, he did not propose that philanthropy should shoulder the whole burden of welfare. Far from it. Recognizing the responsibility of the state to care for the destitute and helpless, he urged the millionarie class to concentrate its philanthropic efforts on the able and industrious. His advice suited the temper of the times and the inclinations of self-made men. Coming after so many years of emphasis on the cause and cure of pauperism, it infused new vigor into philanthropy.

Carnegie was as contemptuous of almsgiving and as fearful of impulsive generosity as the most doctrinaire charity reformer. "To assist, but rarely or never to do all," was the rule he laid down. Although he made a few bows in the direction of reforming the character and improving the morals of the poor, the assistance that had seemed most valuable to many nineteenth-century philanthropists, he was not really interested in those who needed this kind of help. The uplift he favored was of a different and less direct variety: libraries, parks, concert halls, museums, "swimming baths," and institutions such as Cooper Union and Pratt Institute, both of which he greatly admired. Significantly he called these agencies "ladders upon which the aspiring can rise."

Of all the ladders for those who aspired, free libraries and educational institutions with a practical slant struck capitalists of the 1880s and 1890s as most inspiring. Carnegie's own benefactions, like those of so many philanthropists, began with the donation of a library to his home town, and he ultimately gave a library building to almost every community that provided a site and promised to maintain the building. He regarded Enoch Pratt, donor of the Pratt Free Library in Baltimore, as "the ideal disciple of the gospel of wealth." Carnegie and other businessmen gave generously to Negro industrial schools, such as Hampton and Tuskegee, which elevated manual and domestic training into character-building disciplines. They were much less generous toward Negro institutions of higher learning. Only a trickle of philanthropic aid, mainly furnished by church groups, went to these struggling, poorly housed and equipped colleges, but, meager as it was, this assistance helped keep them alive. Students at Fisk University took financing into their own hands. Through concert tours in Europe and America the Fisk Jubilee Singers raised funds which permitted the institution to move from dilapidated army barracks to a new building appropriately named Jubilee Hall.

Although some business leaders thought higher education almost as detrimental to whites as to Negroes, colleges and universities continued to be beneficiaries of the millionaires' surplus wealth. "Here is a nobel use of wealth," Carnegie said of Leland Stanford's audacious plan to build a university in the Far West, a project which in 1889 was believed to involve the greatest sum ever given by an individual for any purpose. Stanford's avowed purpose was to create a new kind of university that would give a practical rather than a theoretical education. Albert Shaw observed admiringly that the donor was going about the task in the same businesslike fashion he had employed in building the great stock farm where his fast horses were bred.

John D. Rockefeller (1839-1937) was an old hand at giving when, in May 1889, a month before the appearance of Carnegie's "Wealth," he made an initial contribution of $600,000 toward founding the new University of Chicago. He was then approaching 50 and had been rich, and getting richer, for 25 years. But Rockefeller did not wait until he had a surplus before beginning to give. His account book for 1855, the year he went to work, recorded small but frequent contributions to charity, Sunday school, and missions. In the 1850s the amounts sometimes totaled a tenth of his income, and they increased over the years. Even so, Rockefeller's benefactions were hard pressed to keep up with his accumulations. Thus in 1888, when he donated $170,000 to various good works, dividends from the Standard Oil combination were returning millions. Not even the rising University of Chicago, to which he gave $1 million in 1890 and a like sum in 1892, the latter "as a special thank-offering to Almighty God for returning health," could drain off his surplus.

The responsibility of wealth pressed as heavily on Rockefeller as on Carnegie. If possible, Rockefeller felt the burden even more than Carnegie, since he adhered to the old-fashioned religious doctrine of stewardship rather than to the new gospel of wealth. Amos Lawrence might have said, as Rockefeller did, "The good Lord gave me the money," but Carnegie certainly did not. As archaic as the sentiment sounds, there is no reason to doubt that Rockefeller sincerely believed it. He thought that the good Lord had given him the money for a purpose and expected him to handle it with care. The steward was faithful to his trust. Rockefeller was quite willing to give, but he felt an obligation to inquire into the worthiness of the causes to which he was asked to contribute. By 1891 he complained that these investigations were taking as much of his time and energy as the affairs of Standard Oil. Help came in the person of a 38-year-old Baptist clergyman, Frederick T. Gates, who agreed to assist Rockefeller in his benefactions by interviewing supplicants, making inquiries, and suggesting action. As a former fund-raiser, Gates was wise in the ways of money-seekers. In his charge, as Gates himself recalled, Rockefeller soon found himself "laying aside retail giving almost wholly, and entering safely and pleasurably into the field of wholesale philanthropy."

Rockefeller's entry into the field of wholesale philanthropy set off a controversy—mainly one-sided, since Rockefeller did not reply to the attack—that continued for at least a quarter of a century. In 1895 Washington Gladden, minister of the First Congregational Church in Columbus, Ohio, and a leader of the social gospel movement, published an article, "Tainted Money," in which he outdid Emerson and antedated Thorstein Veblen in denouncing the ways of trade. Although Gladden did not mention any multimillionaire by name, his attack on the benefactions of "robber barons," "Roman plunderers," "pirates of industry," and "spoilers of the state" was thought to be directed at the Rockefeller philanthropies. Gladden had stated in a sermon delivered to the National Conference of Charities and Corrections in 1893 that the central consideration of charity should be the effect of the gift upon the character of the recipient. Now he raised the question whether a church or university could take offerings of money made in morally reprehensible ways without condoning the methods and accepting the standards of the donor. "Is this clean money?" he asked. "Can any man, can any institution, knowing its origin, touch it without being defiled?"

This was a hard question, and it was taken seriously in the 1890s and 1900s when nearly every issue seemed at bottom a moral one. It came up again in 1905 when Gladden and other liberal clergymen objected to the acceptance by the Congregational Board of Foreign Missions of a $100,000 gift from Rockefeller. The controversy simmered down after it was revealed that the board had solicited Rockefeller for the money. Moral questions are notoriously difficult to resolve; and in this case no consensus could be reached because Rockefeller's character was defended as ardently as it was attacked, and eminent moralists pointed out that the purpose of the gift was as worthy of consideration, and easier to judge, than the origin of the money. Looking at the matter from a slightly different point of view the English economist J. A. Hobson questioned the competence of "the millionaire class" to serve as trustees for the public. "In the great majority of cases," Hobson declared, great fortunes "have come to their present owners as the result of an early and constant absorption in business processes, in which assiduity, economy, alertness, and skill have been inextricably interwoven with luck, fraud, force, and every sort of predatory practice . . . The conditions under which such wealth has been acquired are such as must normally disqualify its owners for a wise and socially serviceable administration of a public 'trust.' "[14]

Rockefeller and Carnegie retired from business in 1897 and 1901, respectively, but they still faced the problem of what to do with mounting fortunes. By 1901 even wholesale philanthropy of the sort each had been practicing for a decade was inadequate to dispose of accumulations totaling not tens but hundreds of millions. Some more effective method of organizing and conducting what Rockefeller called "this business of benevolence" would have to be devised. To Rockefeller the answer was plain: "If a combination to do business is effective in saving waste and getting better results, why is not combination far more important in philanthropic work?" Put your surplus money in a trust, he advised the "men of worth and position" gathered to celebrate the tenth anniversary of the founding of the University of Chicago: "Let us erect a foundation, a trust, and engage directors who will make it a life work to manage, with our personal cooperation, this business of benevolence properly and effectively."

In the dozen years after 1901, as if to prove that philanthropy could be made a successful venture, Rockefeller, Carnegie, and other donors established a series of foundations that made earlier philanthropic ventures seem somewhat amateurish. The Rockefeller Institute for Medical Research (1901), General Education Board (1902), Carnegie Foundation for the Advancement of Teaching (1905), Milbank Memorial Fund (1905), Russell Sage Foundation (1907), Carnegie Corporation of New York (1911), and Rockefeller Foundation (1913) do not exhaust the list of foundations organized during the period, but their number, and even the size of their capital assets, was less significant than the boldness of the enterprise to which they were committed. Most earlier charitable trusts had been established for some narrowly defined purpose. The smaller Carnegie funds, designed to promote the donor's particular philanthropic interests, continued in this tradition. The major trusts founded by Carnegie and Rockefeller, however, were limited only to the advancement of knowledge and human welfare. Relieving the needy was not their objective. They would attack misery at its source through the weapon of research.

The advent of the foundations coincided with the era of muckraking and trustbusting, with a leftward trend in politics, growing militancy in the ranks of labor, and a general fear of bigness. According to popular legend, John D. Rockefeller, alarmed by muckraking attacks such as Ida M. Tarbell's *History of the Standard Oil Company* (1904), employed a public relations counselor, Ivy Lee, who advised him to increase his benefactions in order to buy public favor. Actually, Lee did not become associated with Rockefeller until 1914, more than 20 years after Rockefeller had become a wholesale philanthropist. Frederick Gates, the principal architect of Rockefeller's benefactions, was aware of and presumably not averse to allaying popular animosity toward his employer. Gates, however, was a clergyman and businessman rather than a public relations expert. He was mainly concerned with helping Rockefeller administer a vast fortune wisely and beneficently.

Interestingly enough, the organization of large philanthropic trusts aroused little opposition until 1910. In that year, a bill to incorporate the Rockefeller Foundation was introduced in Congress. By this time anything bearing Rockefeller's name or financed by Standard Oil money was bound to provoke controversy. Opponents revived the slogans of the tainted-money debate and likened Rockefeller's gifts to the Trojan horse and the kiss of Judas. The move was all the more resented because the federal government was prosecuting the Standard Oil combination for violation of the Sherman Anti-Trust Act. In 1911 the Supreme Court ordered dissolution of Standard Oil of New Jersey, the center of the Rockefeller empire. The decision made it unlikely that Congress would charter a new Rockefeller trust, even a benevolent one. The opposition of the Taft administration further weakened the foundation bill's chances for passage. Attorney General George Wickersham called the measure "an indefinite scheme for perpetuating vast wealth." President William Howard Taft also expressed disapproval of "the proposed act to incorporate John D. Rockefeller." In 1913, rebuffed by the federal government, Rockefeller incorporated the foundation under the laws of New York State.

The next two years were difficult ones for the foundations. In 1914 several members of the United States Senate attempted to prohibit the Department of Agriculture from accepting grants provided by the General Education Board for farm demonstration work in the South. Meanwhile, the United States Industrial Relations Commission, a body established by Congress to study the underlying causes of industrial unrest, broadened its investigation to include the operation of philanthropic foundations. The newly organized Rockefeller Foundation was a particular target of attack, but in 1915 the commission's director of research arraigned all foundations for their wealth, loosely defined powers, exemption from federal taxation, freedom from public control, subserviency to donors, and benumbing effect on smaller philanthropic agencies and individual giving. None of this criticism led to legislative action against the foundations. But since the attitudes of beneficiaries are as important in philanthropy as the desires and purposes of benefactors, it is significant that the early foundations began their work in a somewhat hostile atmosphere.

The fear, however, was mainly of possible abuse of power in the future. Even as this suspicion was expressed, other voices were calling attention to the present need for the foundations and to their possibilities for good. The Russell Sage Foundation had already proved its usefulness to social work and social reform by financing the Pittsburg Survey and by assisting the National Tuberculosis Association to begin its educational exhibits. The Rockefeller Sanitary Commission, organized in 1909 and later absorbed by the Rockefeller Foundation, demonstrated that hookworm disease could be eradicated. In the course of this campaign the commission advanced the entire movement for public health. The General Education Board cooperated with the Department of Agriculture in efforts to increase the productivity of southern agriculture. The board made valuable contributions to secondary education in the South and to higher education in all parts of the country. The Carnegie Foundation for the Advancement of Teaching inaugurated pensions for college teachers which furthered interest in pensions for other workers, and it sponsored and published Abraham Flexner's epochal *Medical Education in the United States and Canada* (1910). As early as 1912 Edward T. Devine denied that foundations would inhibit the normal springs of benevolence. On the contrary, said Devine, the effect of the foundations had been to stimulate both public appropriations and private giving for education, health, and welfare.

"You have had the best run for your money I have ever known," Elihu Root once told Andrew Carnegie. Carnegie, a cheerful and impulsive giver in spite of his theories, managed to dispose of $350 million. John D. Rockefeller, less impulsive than Carnegie, also had a good run for the $530 million he conferred on benevolent causes. "We must always remember that there is not enough money for the work of human uplift and that there never can be," he said in 1909. "How vitally important it is, therefore, that the expenditure should go as far as possible and be used with the greatest intelligence."

IV

PHILANTHROPY AND/OR GOVERNMENT

It is sometimes assumed that there is a basic incompatibility between governmental and philanthropic efforts in welfare. In fact, throughout the greater part of American history, governmental and voluntary forces have cooperated and collaborated in meeting public needs. A host of services that could not otherwise have been provided have been established through the willingness of public bodies and private citizens to assist and supplement the philanthropic activities of the other. This cooperative approach was especially characteristic of the colonial period when resources of both the public and private sector were limited and the line between public and private responsibility was less sharply drawn than in later eras. In seasons of distress, overseers of the poor frequently called on the churches for special collections of alms, and throughout the colonial period giving or bequeathing property to public authorities for charitable purposes remained a favorite form of philanthropy. Friendly societies organized along national, occupational, or religious lines relieved public officials of the necessity for caring for some of the poor by supplying mutual aid to members and dispensing charity to certain categories of beneficiaries. Institutions, such as the Pennsylvania Hospital and the Philadelphia Bettering House, jointly financed by taxation and private contributions, offered improved facilities for treating and sheltering the poor. Gifts from overseas, added to funds raised by colonial churches and assemblies, made possible the founding of new colleges, better support for those already in existence, and an expansion of missionary and educational work among the Indians.

In the nineteenth century it was not uncommon (although the practice was often attacked) for states and cities to subsidize voluntary associations serving public needs by operating schools, orphan homes, juvenile reformatories, hospitals, and institutions for the handicapped. Conversely, some of the most important private gifts went to states or cities for public purposes: Stephen Girard, in addition to endowing Girard College, left money for internal improvements in Philadelphia and Pennsylvania; Theodore Lyman supplemented legislative appropriations for the Massachusetts state reform school; and Thomas H. Perkins and Cyrus Butler respectively made generous contributions toward the establishment of a school for the blind and an asylum for the insane. The federal government was the recipient of an unsolicited and unprecedented gift in the form of James Smithson's bequest "to the United States of America to found at Washington, under the name of the Smithsonian Institution, an establishment for the increase and diffusion of knowledge among men."

The following case studies are intended to illustrate some of the ways in which American private philanthropy has responded to public needs. The examples are drawn from the middle and latter part of the nineteenth century, but they exemplify philanthropic approaches and uses as characteristic of the present as of a century ago. The first, dealing with the activities of an individual philanthropist, illustrates the advocacy role of philanthropy. The second, involving two highly organized voluntary associations, represents the supplementary and innovative functions of philanthropy. The third, tracing the work of an early philanthropic foundation, concerns the use of philanthropy in initiating a new public service. Each case involves relationship between private philanthropy and the federal government, and in each case the philanthropists favored an expansion of governmental responsibility and financing.

Activist for the Insane

Dorothea Dix (1802-1887) was a philanthropist in the original sense of the word: a lover of mankind who seeks to promote the well-being of fellow men by his or her own efforts. The object of her self-assigned crusade, which extended over four decades, was to secure better facilities and treatment for the insane. She was not a pioneer in this field: several reputable private hospitals for the mentally ill had been founded before she began her work. John McLean and other donors had given money for improving and expanding facilities for the insane, and a number of states had opened publicly supported asylums. Nearly all of these institutions made at least nominal provision for caring for the dependent insane at low cost. So much progress seemed to have been made in the years just before Miss Dix's investigations that there was danger not that her proposals would seem outlandish but that further action and expenditure for the insane might seem superfluous. Dorothea Dix's task was the difficult one of puncturing complacency, indicating omissions, specifying mistakes and abuses, and stirring the public conscience to greater exertions.

Miss Dix was the granddaughter of a respected, enterprising, and well-to-do Boston physician. In the 1820s and 1830s she conducted successful schools for daughters of Boston's leading families and tutored the children of her friend and pastor, William Ellery Chaning. After 1837 an inheritance from her grandmother assured her of an income adequate to her needs. In the winter of 1841, somewhat at loose ends following a long illness, she agreed to teach a Sunday school class for women prisoners in the East Cambridge jail. Here she found insane women locked in unheated cells. Anyone might have done what she then did. She petitioned the court for warmer quarters for these women. But Dorothea Dix was not content to stop there: She made it her business to find out how the insane were cared for in the rest of Massachusetts. After two years she reported her findings in a *Memorial to the Legislature of Massachusetts* (1843), a document that proved that Victorian decorum was not inconsistent with the presentation of sordid social truths.

"I proceed, gentlemen," Miss Dix began, "briefly to call your attention to the present state of insane persons confined within the Commonwealth, in *cages, closets, cellars, stalls, pens; chained, naked, beaten with rods,* and *lashed* into obedience." Armed with facts, figures, names, places, and dates, she cited instance after instance of the mistreatment or neglect of the mentally ill. Poor-law officials, as she pointed out, found it cheaper to "lodge" the pauper insane in jails and almshouses than to send them to asylums. In any case, the number of dependent insane and idiotic persons was at least twice as large as the total capacity of the three asylums in the state. Fortunately she had friends as well as facts at her disposal. Horace Mann lent his assistance, and Samuel Gridley Howe was chairman of the legislative committee to which the *Memorial* was referred. Howe's committee endorsed both the findings and conclusions of her investigation and secured passage of a bill enlarging the Worcester Asylum to provide more space for poor patients.

Massachusetts was the first phase of a 40-year compaign that took Miss Dix throughout the United States, into Canada, Scotland, England, Italy, and Turkey, and spread her influence as far as Japan. It would be incorrect to imply that she single-handedly worked a revolution in the care of the insane. Yet it is true that her "sad, patient, deliberate" investigations resulted in the founding of 32 new state hospitals and at least a temporary improvement in the treatment of the mentally ill. Wherever she went, her methods were essentially the same: inquiry and research to determine the facts about the number and condition of the insane; efforts to arouse public opinion through articles in the press and memorials to the legislature; and cultivation of powerful figures in and out of public office. She professed a ladylike repugnance of politics, but she had a real talent for political maneuver. She knew when to sprinkle her humanitarian pleas with the salt of economy and often concluded her appeals by observing that "it is cheaper to take charge of the insane in a curative institution than to support them elsewhere for life." She was adept at discovering the most influential men in legislatures and in bringing them into her camp.

In 1848 Miss Dix sent a *Memorial* to Congress in which she estimated that not more than one twelfth of the insane population of the country could be accommodated in existing hospitals and asylums. As a means of dealing with the problem, she proposed federal assistance in financing care of the insane through land grants to the states. Grants of this sort had frequently been made for education and internal improvements, and, on two occasions, for schools for the deaf. In 1854, after six years of lobbying by Miss Dix, both houses of Congress passed her bill. It apportioned 12,225,000 acres of public land among the states for the support of insane asylums and institutions for the deaf.

President Franklin Pierce, professing regret for having to do so, vetoed the bill. He acknowledged that the duty of providing for those who suffered from want and disease of body or mind was "among the highest and holiest" of human obligations, but he said he feared the effect of Miss Dix's bill would be "prejudicial rather than beneficial to the noble offices of charity," since it would dry up the normal springs of benevolence. "If Congress have the power to make provision for the indigent insane . . . ," he warned, "it has the same power to provide for the indigent who are not insane; and thus to transfer to the Federal Government the charge of all poor in all the states." For his part, continued Pierce, "I cannot find any authority in the

Constitution for making the Federal Government the great almoner of public charity throughout the United States."

Of course Miss Dix and her supporters were not asking the federal government to play such a role, or to assume exclusive responsibility for all the poor in all the states. They wanted only to have a portion of the public lands granted to the states to enable them better to fulfill their obligations. But to Pierce, principle was more important than policy, and his principle, as a critic has remarked, was that no power that might be abused should be used. Yet Pierce sensed the implications of the Dix bill accurately. Had it become law, not only the care of the insane but all public welfare programs might have developed quite differently. As it was, the United States had to wait another 80 years before the federal government began to assist and strengthen state programs for certain categories of needy persons.

Philanthropy in the Civil War

For many civilians, both in the Union and Confederacy, the Civil War was a rewarding and fulfilling experience affording unprecedented opportunities for unselfish service in patriotic and humanitarian causes. The war roused the charitable energies of the American people, and of American women in particular, to a point never before reached. Toward the close of the struggle, Linus P. Brockett, the first historian of Civil War charities, asserted, "Philanthropy, in its broadest sense, has always found its widest sphere of activity in war time."[15]

During the Crimean War and the Franco-Austrian War of 1859, civilians had contributed to the relief of troops in camps, hospitals, and on battlefields. But the outpouring of goods, services, and money for the succor of Union and Confederate soldiers surpassed all previous endeavors in military relief. "No war in history," declared a contemporary observer, "was embellished by such matchless exhibitions of benevolence . . . as this. Never before were the people so immediately related to an army in the field, so intimately identified with its fortunes, or so profoundly solicitous for its comfort."[16]

Since neither the Union nor Confederate government was prepared for war, opportunities for voluntary efforts to supply fighting men with necessities and comforts were virtually unlimited. In both sections the early months of the war witnessed a "chaos of philanthropy" as local soliders' aid societies multiplied and their members worked zealously but without plan or direction. Throughout the war most of the local societies, whether in the North or South, wanted their contributions to go to men from their own communities or states. In the South, military conditions and state rights sentiments precluded the formation of Confederacy-wide military relief organizations; even statewide cooperation among voluntary associations was exceptional, and where it developed, as in Georgia and South Carolina, the central agencies depended in large part on subsidies from the state treasury. State-oriented and state-supported military relief operations—whatever their justification and occasional advantage—inevitably resulted in unequal treatment of men supposedly enlisted in a common cause.

Local, state, and regional particularism was probably as prevalent among civilians in the Union as in the Confederacy; but the North could afford the luxury of maintaining competing relief agencies. Moreover, the North developed organizations like the Sanitary and Christian Commissions which attempted, and in some measure succeeded, in directing the flow of patriotic philanthropy into national channels. These two great commissions, both voluntary associations organized on a Union-wide basis with regional branches and hundreds of local auxiliaries, approached the task of military relief from different angles. The Sanitary Commission was interested in saving lives, the Christian Commission in saving souls. The leaders of both organizations regarded the collection and distribution of supplemental relief supplies for the army as incidental to their principal objectives.

The charitable public, however, remained more interested in getting material assistance to volunteers than in preventing disease or in promoting religion among troops. Relief, therefore, became an essential activity for each commission, not only as a form of service but as a means of attracting and holding homefront supporters.

From the standpoint of philanthropy, the war, especially in its later phases, involved a contest between the rival commissions for supplies, funds, and public recognition. The contest would have little interest were it not that the two commissions represented different strains in the character of the northern people. Support for the rival commissions cut across class, denominational, and geographic lines. The Sanitary Commission, founded in the first months of the war, grew out of the determination of society women and the medical profession in New York City to put "system and order" into soldiers' aid work in the metropolis. Under the leadership of the Unitarian clergyman, Henry W. Bellows, and generally reflecting the views of the social and professional elite of the Eastern seaboard–particularly of New York City–the Sanitary Commission built up a strong and enthusiastic following in the Midwest and derived its greatest financial contributions from California and other states and territories in the Far West. The Christian Commission, originating at a meeting of Y.M.C.A. workers in November 1861, chose as its head George Hay Stuart, a Philadelphia dry-goods merchant who was chairman of the central committee of the Y.M.C.A. The management of the Christian Commission resembled an interlocking directorate of Y.M.C.A.'s, Bible, Tract, Sunday School, and temperance societies. The "Christians," as they called themselves, attracted powerful support among religious, business, and political leaders. The rank and file came from the pulpits and membership of orthodox Protestant churches.

Rivalry between the Christian and Sanitary Commissions might have been less intense had the agencies not differed so widely in ideology. The Christian Commission embraced the traditional view of charity as a religious obligation, alleviative in nature, and particularly sanctified when directed toward spiritual ends. The Sanitary Commission, adopting a more secular attitude, made prevention its watchword. Suspicious of "spontaneous benevolence," Sanitary Commission leaders sought to discipline the nation's charitable impulses and turn them toward practical goals. While the "Christians" tended to see even such deeds as providing the thirsty with water as matters of prayerful self-congratulations, "Sanitarians" cautioned against "gratuitous superfluity" in gifts to soldiers–not out of parsimony but as a matter of principle–lest "imprudent benefactions" create "A system of alms-giving and dry up the springs of *public* assistance."

Space does not permit cataloguing here the deeds of field agents of the two commissions. Their activities are well known and have been duly celebrated. Without intending to slight the useful work performed by the Christian Commission, by other agencies like the Western Sanitary Commission, and by mavericks like Clara Barton who operated independent of any commission, the opinion of the present writer is that the United States Sanitary Commission rendered the greatest service to the general cause of philanthropy. Much of the energy of Sanitary Commission leaders went into watchful, critical, perhaps officious surveillance of the conduct of the Medical Bureau and the Department of War. Resolutely refusing to assume functions properly belonging to the army, the commission acted as a goad to make the Medical Bureau accept and discharge the obligations the government owed to its fighting men. In preparing plans for pavilion hospitals, in temporarily operating sanitary hospitals and transports, and in developing an improved railway hospital car, the commission inaugurated and demonstrated useful services subsequently adopted by military authorities. Quartermaster General Montgomery C. Meigs, a friend of the Sanitary Commission and a champion of the army, accurately defined the commission's function as that of providing leaven for the government's "large lump of dough."[17]

The Civil War was so vast and terrible that there was room for a variety of charitable enterprises. All the war philanthropists expressed gratitude for having had an opportunity to serve and work for a noble cause; and all believed the outcome of the war vindicated their particular method or way of benevolence. Southerners transformed the parochial and palliative character of Confederate military relief from a necessity imposed by circumstances to a sacred virtue. "We had no Sanitary Commission in the South . . . ," wrote a Confederate veteran, "we were too poor; we had no line of rich and populous cities closely connected by rail, all combined in the good work of collecting and forwarding supplies and maintaining costly . . . charities. With us, each house was a hospital."[18]

The Christian Commission wound up its work with a service of prayer and self-praise. In the post-war years former leaders and members of the Christian Commission enlisted their militant piety in the cause of religious revivals, home and foreign missions, campaigns against alcohol, and crusades for suppression of vice.

The Sanitary Commission received no thanks from the government it had informed, advised, and nagged. The frustrations, as well as the successes, experienced during the war stimulated members of the organization to post-war activity in many reforms. The end of the military struggle left them with the unsatisfied ideal of rational, systematic, orderly conduct of both philanthropy and public affairs. It was in pursuit of this ideal that ex-Sanitarians such as Josephine Shaw Lowell, Louise Lee Schuyler, and Samuel Gridley Howe led post-war movements for charity organization and scientific philanthropy, public health and housing legislation, and reform of administration and procedures in public welfare.

The Peabody Education Fund

George Peabody (1795-1869) was regarded during his lifetime and at the time of his death as "the most liberal philanthropist of ancient or modern times." "In the greatness of benevolence," exclaimed an admirer, "he stands alone in all the history of the past."[19]

Peabody, born in Danvers, Massachusetts, spent his early years in poverty and grew up with little formal education. He went to work at the age of 11 and, while still a young man, achieved success as a wholesale dry-goods merchant in Baltimore. In 1837 he moved to London where he made a fortune as an international banker.

According to Peabody's own testimony he was by nature parsimonious and inclined towards hoarding, tendencies that may have been strengthened by his poverty and trials in youth. J. L. M. Curry, an early biographer, acknowledged that Peabody "loved to accumulate, and was not free from pride at his gains and financial standing." During his years in London, Peabody employed lavish hospitality to advance his social and financial career. In the last two decades of his life, in Curry's words, Peabody "acquired habits of premeditated benevolence."[20] After making benevolence his business Peabody applied the same systematic and prudent methods to disposing of his wealth that he had earlier employed in acquiring it. "His generosity was not a sudden impulse, the gush of a momentary sensibility, but the outcome of thoughtful inquiry and premeditation as to the best method of accomplishing a superior good."[21]

Quantitatively, Peabody's benefactions (totaling about $7 million) have been overshadowed by giant donations of later donors; qualitatively, they set an example for and established the pattern followed by other practitioners of wholesale philanthropy. Peabody gave, as he said, not to relieve pauperism but to prevent it; to encourage scientific research and discovery to promote social welfare, to diffuse culture, and to stimulate education. By his two largest philanthropic enterprises, the Peabody Donation Fund (1862) and the Peabody Education Fund (1867), he sought to serve even broader public needs than the announced purposes of the funds. The first, for construction of improved dwellings for the poor of London, was intended to foster Anglo-American friendship at a time when diplomatic relations were strained by the Civil War; the second, for education in the South, was Peabody's contribution to sectional reconciliation after the war. Trustees of the two funds, in discharging their responsibilities, adopted a consciously business-like attitude. Perhaps even more than Peabody himself the trustees shared E. L. Godkin's conviction, "Philanthropy needs in our day, in order not to be mischievous, to have a good deal of the hard and cold and incredulous countinghouse spirit infused into it, and needs, like commerce, to get the worth of its money."[22]

The Peabody Education Fund was instituted by a letter dated February 7, 1867, addressed to Robert C. Winthrop of Massachusetts, Bishop Charles P. McIlvaine of Ohio, General U. S. Grant, and a dozen other distinguished men representing both North and South. In his letter Peabody called attention to "the educational needs of those portions of our beloved and common country which have suffered from the destructive ravages, and the not less disastrous consequences of civil war." In these areas "the urgent and pressing physical needs of an almost impoverished people must for some years preclude them from making, by unaided effort, such advances in education . . . among all classes, as every lover of his country must earnestly desire." Peabody's gift of $1,000,000 (subsequently increased to $2,000,000) was expressed in these words:

> I feel most deeply, . . . that it is the duty and privilege of the more favored and wealthy portions of our nation to assist those who are less fortunate; and, with the wish to discharge so far as I may be able my own responsibility in this matter, as well as to gratify my desire to aid those to whom I am bound by so many ties of attachment and regard, I give to you, gentlemen, most of whom have been my personal and special friends, the sum of one million of dollars, to be by you and your successors held in trust, and the income thereof used and applied in your discretion for the promotion and encouragement of intellectual, moral, or industrial education among the young of the more destitute portions of the Southern and Southwestern States of our Union; my purpose being that the benefits intended shall be distributed among the entire population, without other distinction than their needs and the opportunities of usefulness to them.[23]

Robert C. Winthrop (1809-1894), a descendant of the Puritan leader, John Winthrop, advised Peabody on many of his donations, including the Education Fund, helped select the original trustees, and served as chairman of the board for 27 years. Winthrop and his fellow trustees appointed Barnas Sears, president of Brown University and former superintendent of public education in Massachusetts, general agent of the fund.

In his first report Sears outlined the operating principles he proposed to follow:

"1. That in promoting 'Primary or Common School Education,' we confine ourselves, as far as possible, to Public Schools.

2. Instead of supporting small schools in the country, or helping to support them by paying the tuition for poor children, we limit ourselves to rendering aid to schools where large numbers can be gathered, and where a model system of schools can be organized.

3. That, other things being equal, we give the preference to places which will, by their example, exert the widest influence upon the surrounding country.

4. That we aim at the power and efficacy of a limited number of such schools in a given locality rather than at the multiplication of schools languishing for want of sufficient support.

5. That we make efforts in all suitable ways to improve State systems of education, to act through their organs, and to make use of their machinery wherever they are proffered us.

6. That we use our influence in favor of State Normal Schools, on account of their superior excellence over Normal Departments in Colleges and Academies, which will be overshadowed by the literary and scientific departments, and fail to win the regards and excite the enthusiasm of students or the interest of the general public.

7. That we give special attention to the training of female teachers for Primary Schools, rather than to the general culture of young men in Colleges, who will be likely to teach in the higher schools for the benefit of the few.

8. That, in the preparation of colored teachers, we encourage their attendance at regular Normal Schools, and, only in exceptional cases, at other schools which attempt to give normal instruction.

9. That we favor the appointment and support of State Superintendents, the formation of State Associations of teachers, and the publication of periodicals for the improvement of teachers, and, where it shall be necessary, contribute moderate amounts in aid of these objects."[24]

In 1871, when the work of encouraging development of public school systems in the South had been underway for several years, Sears reported that the amount of aid given any city or town was determined partly by the number of children to be provided for and partly by the amount of money raised by taxes or contributions from local sources. As a general rule, "The people are to pay for current expenses at least twice, and usually three times as much as they receive from the Fund: to grade their schools, and to furnish a teacher for every fifty pupils." The Peabody Fund accepted segregation in education as a matter of course and furnished less support to schools for Black children than to those for whites. Thus in 1871 when the fund paid $300 to a white school having a regular attendance of 100 students, it paid only $200 to a Black school with the same attendance.[25]

In the opinion of J. L. M. Curry, who succeeded Sears as general agent in 1881, the schools established with the assistance of grants-in-aid from the Peabody Education Fund, by "showing the people what a good graded school was, did more to enlighten the people, disarm opposition, and create a sound public educational sentiment than all the verbal argument that could have been used. The chief benefit did not arise from what the fund gave, but from what it induced others to give and to do." Curry described the policy adopted by the Peabody Fund of making grants only on condition that the community raise a larger sum by taxes or from other contributions as "the homely rule of helping those who help themselves." He estimated that application of this self-help principle had resulted in a fourfold increase in the modest sums donated by the Peabody Fund.[26]

Both Sears and Curry were acutely aware of the narrow limitations on what the impoverished South could "give and do" for public education, and both were vigorous advocates of federal aid to education, especially for Negroes. "The want of good schools in any quarter of the Union is an injury to the whole Union," Sears observed in his 1877 report. By the latter 1870s, 10 years after the Peabody Fund had been established, Sears estimated that at least 2 million children in southern states—more than half of whom were Black—were without the means of education.

In 1880, in an action reminiscent of Dorothea Dix, the trustees sent a memorial to Congress emphasizing the vital necessity of national aid (in the form of land grants) "for the education of the colored population of the Southern States, and especially of the great masses of colored children who are growing up to be voters under the Constitution of the United States." The Memorial concluded:

> For twelve years the members of this Board have endeavored faithfully to discharge the duties of the trust reposed in them. The Board have the satisfaction of knowing that with the limited means at their disposal they have been able to accomplish much good. But these means are entirely disproportionate to the end. Where millions of citizens are growing up in the grossest ignorance, it is obvious that neither individual charity nor the resources of impoverished States will be sufficient to meet the emergency. Nothing short of the wealth and power of the Federal Government will suffice to overcome the evil.[27]

Congress took no action on the Memorial. During the 1880s the Blair Bill, providing for federal aid, passed the Senate three times but could never obtain a majority in the House. Curry, an ex-Confederate, commented in 1902: "Congress has appropriated money and sent teachers to Alaska, Hawaii, Puerto Rico and the Phillippines, but in the Southern states the white man's burden has to be borne unaided."[28]

In its later years, the Peabody Fund gave increasing attention and support to normal schools and summer or weeklong training institutes for teachers. The fund's last major gift, an endowment of $1,500,000 for the George Peabody College for Teachers in Nashville, was intended to provide a continuing center for improvement of teacher education in the South. The fund was dissolved in 1914, transferring its final balance to the John F. Slater Fund, and leaving a set of operational patterns for the guidance of subsequent foundations.[29]

V

CONCLUSION

"No sooner do you set foot on American soil than you find yourself in a sort of tumult," declared Alexis de Tocqueville in 1835. "A confused clamor rises on every side, and a thousand voices are heard at once, each expressing some social requirement." In Tocqueville's opinion, democracy was not a regular or methodical form of government, but it had its advantages:

> Democratic freedom does not carry its undertakings through as perfectly as an intelligent despotism would; it oftens abandons them before it has reaped the profit, or embarks on perilous ones; but in the long run it produces more; each thing is less well done, but more things are done. Under its sway it is not especially the things accomplished by the public administration that are great, but rather those things done without its help and beyond its sphere. Democracy does not provide a people with the most skillful of governments, but it does that which the most skillful government often cannot do: it spreads throughout the body social a restless activity, superabundant force, and energy never found elsewhere, which, however little favored by circumstance, can do wonders. Those are its true advantages.[30]

As in the past, philanthropy contributes to the tumult and clamor of present day American life and provides an outlet for the restless energy that enlivens democracy. Its function has been described admiringly as "to lead the way" and derisively as "to pick up the pieces." The urgent and importunate appeals each of us receives in his daily mail gives an inkling of the variety of innovative, ameliorative, and preventive services philanthropy attempts to perform. We are asked to give to save the children, the wilderness, and endangered species; to promote justice, preserve historic landmarks, and advance civil liberties; for the support of religion, medical research, and relief of stricken countries, islands, and continents; to assist our own or somebody else's alma mater, help released convicts, and participate in a hundred other good causes. Except in religion, where voluntary gifts are all-important, philanthropic contributions to areas such as education, health, welfare, and scientific research supplement the much larger sums provided by the state and federal governments through tax-supported agencies. As in the three historical illustrations cited above, a marked tendency of American philanthropy has been to encourage, assist, and even goad democratic government—and democratic citizens—towards better performance of civic duties and closer attention to social requirements. Thus a 1974 fund appeal from Ralph Nader solicited contributions to enable the Public Citizen staff to "watch Washington, prod Washington, stop Washington or support Washington in a continuous effort to make government work for the people—for consumers, taxpayers, people in special need of help or justice such as the elderly, the poor, the injured, juveniles and others beleaguered by faceless institutions and unbridled power."

If one of the functions of philanthropy is to lead the way, in what direction will it lead? Forward? Backward? Right, left, or center? If philanthropy seeks not only to pick up the pieces stranded in the wake of disaster, social upheaval, and human weakness but also to monitor and stimulate government, does not government have a corresponding right to watch, prod, stop, and support philanthropic activities? During the 1950s and 1960s these questions had particular significance for foundations, one of the smallest but (because of favorable tax status) most privileged, prestigious, and presumably most expert and influential segments of American philanthropy.

In the 1950s two congressional committees subjected foundations to acrimonious but unproductive investigations of links to radical organizations and subversive activities. In the 1960s foundations come under withering attack in and out of Congress and from radicals as well as conservatives for misconduct, financial abuse, sloth, excessive power, and irresponsibility to the public. These attacks culminated in the Tax Reform Act of 1969 which corrected some of the worst financial abuses of foundations, forced negligent ones to become more active in giving, and required all of them to pay the cost of government surveillance as well as to report more fully to the public on their activities. Conversely, in the judgment of Waldemar Nielsen, a sympathetic but by no means uncritical student of foundation philanthropy, the 1969 Tax Reform Act discriminated against the few foundations that had been courageous enough to deal with issues such as race relations, urban problems, and governmental inadequacies and had the effect of diverting foundation funds "from controversial but creative recipients to those of the most traditional and often backward-looking kind."[31]

> In part [says Nielsen] foundations have brought their troubles upon themselves by their own misconduct. But repeatedly throughout history, when nations have been under heavy stress or in the throes of social crisis, foundations have become a favorite target of official frustration and popular anxiety. By some perverse pathology linked to processes of political polarization, nations, when they most need the ameliorative efforts of foundations, tend to become most hostile to them.[32]

Present governmental policy toward philanthropy favors not the endowment of foundations but direct gifts to churches, hospitals, universities, and non-controversial charities. This is the kind of giving Andrew Carnegie preached in "Wealth" (1889) and practiced in the 1890s. A good current example of this kind of philanthropy is the gift by the proprietor of an industrial laundry, a life-long fan of Syracuse University football, of $600,000 to the university for installation of artificial turf in the football practice field. The field is to be named after the donor. "This contribution," he rejoiced, "will help the University and the City of Syracuse and has great publicity value for my business, and, unselfishly, myself."[33]

Footnotes

1. Merle Curti, "Tradition and Innovation in American Philanthropy," *Proceedings* of the American Philanthropical Society, CV (1961), p. 146.

2. William G. McLoughlin, "Changing Patterns of Protestant Philanthropy, 1607-1969," in Donald R. Cutler, ed., *The Religious Situation: 1969* (Boston, Mass.: Beacon Press, 1969), pp. 550-551.

3. One of the benevolent associations Mather founded was the Society for the Suppression of Disorders (1702). William G. McLoughlin comments: "This group of respectable citizens dedicated themselves to putting down riots, mobs, drunken revelries, swearing, whoring, and Sabbath-breaking. Soon three of these societies were in operation in Boston, and as a preventive measure they began to concern themselves with schools for the young and wholesome playgrounds. The breakdown of the seventeenth century Puritan holy community with its carefully regulated social order inevitably led men like Mather into stressing voluntary efforts by the more reputable members of the community to maintain the old ways." Ibid., p. 558.

4. Franklin drafted the bill in which the Pennsylvania legislature agreed to incorporate the Pennsylvania Hospital and to contribute £2000 to the venture provided voluntary subscriptions raised an equal sum.

5. Walter Trattner, *From Poor Low to Welfare State, A History of Social Welfare in America* (New York: The Free Press,1974), p. 37.

6. Alexis de Tocqueville, *Democracy in America*, ed. by J. P. Mayer and Max Lerner (New York: Harper and Row,1966), p. 485.

7. Quoted in F. B. Sanborn, *The Public Charities of Massachusetts During the Century Ending Jan. 1, 1876* (Boston: 1876), pp. CVII - CVIII.

8. *Collections* of the Connecticut Historical Society, III (1897), p. 235.

9. Thomas R. Hazard, *Report on the Poor and Insane in Rhode Island* (Providence, 1851), pp. 85-89.

10. The Philadelphia Bettering House, opened in 1767, illustrates the mixed nature of poor relief in the colonial era. The institution was erected with funds raised by voluntary subscriptions and maintained by poor rates levied by the Philadelphia Overseers of the Poor.

11. Quoted in Blanche D. Coll, *Perspectives in Public Welfare, A History* (Washington, D.C.: U.S. Government Printing Office, 1971), p. 22.

12. Cf. Benjamin Franklin's observation: "I think the best way of doing good to the poor is, not making them easy *in* poverty, but leading or driving them out of it."

13. By 1970, according to federal agencies, the poverty population had declined to about 26 million persons or 13 percent of the total population; in 1974 the figures were reported to be 23 million or 11 percent of the total population.

14. J. A. Hobson, "Millionaire Endowments," *Living Age* (April 1, 1905), p. 15.

15. Linus P. Brockett, "Philanthropy in War Time," *Methodist Quarterly Review*, XLVII (1867), p. 65.

16. *Sanitary Commission Bulletin*, II (1864), p. 781.

17. M. C. Meigs to Henry I. Bowditch, October 30, 1862, in U.S. War Dept., *The War of the Rebellion: A Compilation of the Official Records of the Union and Confederate Armies* (Washington: 1880-1901), Ser. III, II, pp. 702-703.

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21. Ibid., p. 14.

22. Godkin, editor of *The Nation*, is quoted in John G. Sproat, *"The Best Men," Liberal Reformers in the Gilded Age* (New York: Oxford University Press, 1968), p. 53.

23. The letter is printed in full in Curry, op. cit., pp. 19-22

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25. Peabody Education Fund, *Proceedings of the Trustees with the Annual Report of Their General Agent, 1871* (Cambridge, Mass., 1871), pp. 14-15.

26. Curry, op. cit., p. 41.

27. The *Memorial* is reprinted in its entirety in Alexander F. Robertson, *Alexander Hugh Holmes Stuart, 1807-1891, A Biography* (Richmond, Virginia: William Byrd Press 1925), pp. 462-478. The quoted passages are on pp. 477-478.

28. Quoted in Raymond B. Fosdick, *Adventure in Giving, The Story of the General Education Board, A Foundation Established by John D. Rockefeller* (New York: Harper and Row, 1962), p. 83.

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PRIVATE GIVING IN THE AMERICAN ECONOMY, 1960–1972

Ralph L. Nelson[†]

Introduction

As in almost every other aspect of the American experience since 1960, private giving has undergone profound and great change. The change is reflected in all of the fields of service toward which Americans have directed their private philanthropic dollars. Not only have some fields gained and others lost priority in private giving choice but there has been significant change within the traditional categories. These changes, moreover, have taken place within an economic system that has recorded great growth and structural change itself. These broad economic and social changes have shaped the philanthropic sector, here defined as the 1.5 to 2 percent of our national economic output generated by spending on private giving.

Research Approach

The purpose of this paper is to describe, in quantitative terms, the growth of private giving from 1960 through 1972 and in this fashion describe some of the changes referred to above. My specific assignment was to prepare estimates of the total amount of private giving and provide detailed breakdowns of the total by type of recipient and type of donor. The approach is empirical, and draws upon and elaborates the procedures I have followed in earlier work.[1] This involved first the identification of as many separate components of giving as I could find, and thus develop what could be taken as a substantially exhaustive list. This was done for both donor and recipient groups. Having developed the list, I proceeded to estimate a separate series for each donor and recipient category. In this stage of the research I sought whatever data that were readily available that would help me to make informed estimates. The data were drawn from secondary source materials, of which there was a great variety. I was impressed by the abundance and high quality of the data developed under both private and governmental statistical programs though these characteristics were by no means uniformly present across the range of donor and recipient categories.

Having assembled available data on individual categories the next step in the research involved adjustments to make the estimates correct in terms of coverage, economic concept, and time period. The detailed estimates, on a current dollar basis, are presented in the Appendix, Tables A-1 and A-2.

Finally, measures of the price of each type of philanthropic service were developed. The price series so developed were used to adjust individual series for changes in price levels over the period. A variety of governmental price series were used at this point, each one appropriate to a particular service or group of services. For some series it was necessary to estimate unit costs of output for use as price deflators. The price deflators are presented in the Appendix, Table A-4 and the deflated series in Table A-3.

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I

THE GROWTH IN THE DOLLAR AMOUNT OF GIVING

Since independent estimates were made for categories of donors and of recipients it was not surprising that the estimated total built up from the components of each group would not be in exact agreement. As seen in Table 1, the estimated total for donors was greater than that for recipients in each year, the differences ranging between 2 to 9 percent.

We cannot know which of the two series more accurately estimates total giving or, indeed, whether they both either overstate or understate the level. One might hazard the guess tnat the true value is more likely to fall between the two estimates than outside them. Plausible reasons can be developed for believing that estimation of the donor's series may have been overgenerous in extrapolating contributions for which direct data were not available. Similarly, the inevitable lack of 100-percent coverage in the surveys on which many recipients estimates are based may make for a persistent, though probably modest, understatement in that total.

More important than the precise level of giving is its trend over time, and in this respect the two series are in reasonably close agreement (Table 1). Whether based on donors or recipients data, the total estimated for 1972 was slightly more than twice that estimated for 1960. The dollar amount of giving had nearly doubled in the decade of the 1960s and had clearly doubled by the first two years of the 1970s.

The doubling in dollar amount of giving reflects two developments. The first is that, in actual physical quantity, the quantity of philanthropic services purchased by private giving was greater in 1972 than it had been in 1960. The second is that, because of the rise in the price of these services, a greater number of dollars was needed in 1972 to purchase these services than would have been needed had dollars retained their 1960 purchasing power.

To measure the growth in the quantity of services we must adjust the dollar estimates to remove the effects of price change. From 1960 to 1972 prices in general rose by 42 percent, that is, the price index implicit in the adjustment of the

Table 1

Estimated Total Giving, 1960-1972
Separate Estimates Based on Data For Donors and For Recipients
(in millions of dollars: index = 1960 = 100)

	Estimated Total Based on Data For			
	Donors		Recipients	
Year	Amount	Index	Amount	Index
1960	$10,467	100	$ 9,996	100
1961	10,999	105	10,663	107
1962	11,733	112	11,295	113
1963	12,260	117	12,008	120
1964	13,218	126	12,552	126
1965	14,024	134	13,468	135
1966	15,018	143	14,011	140
1967	16,032	153	15,254	153
1968	17,559	168	15,985	160
1969	18,426	176	16,947	170
1970	19,690	188	18,052	181
1971	21,257	203	20,230	202
1972	22,067	211	20,411	204

Table 2
Estimated Income From Private Philanthropy by Recipient Institutions, 1960 and 1972
(in millions of dollars)

	1960	1972		Price Index For 1972 (1960=100)
		1972 Dollars	1960 Dollars	
Religious Institutions				
Protestant	$3,633	$6,313	$4,336	146
Roman Catholic parishes and dioceses	709	1,015	685	148
Roman Catholic parochial schools	993	1,494	489	305
Other religious bodies	208	380	262	145
	5,543	9,202	5,772	159
Higher Education	1,232	2,847	1,509	189
Hospitals and Health	947	2,800	1,607	174
Youth, Welfare, Poverty, and Urban Problems	1,108	2,350	1,596	147
Foundations as Recipients	442	430	275	156
Civic and Cultural Programs	180	1,540	1,046	147
Voluntary Foreign Aid	292	652	443	147
Other	252	590	367	161
Total, Above-Listed Recipients:				
Current operations and construction	9,312	19,181	11,915	161
Net endowment increase	684	1,230	700	176
	$9,996	$20,411	$12,615	162
Gross National Product (in billions)	$503.7	$1,158.0	$818.4	142

gross national product accounts rose by that percentage. If the series on total giving were adjusted by this value, the real value of giving in 1972 would be 44 percent greater than it was in 1960. On this reckoning almost as much of the money growth in giving reflects the general rise in prices as it reflects the growth in the quantity of services purchased through giving.

The general rise in prices, however, does not take full account of the price rise in the particular kinds of services purchased by private giving. The production of philanthropic services is more predominantly labor intensive than is the production of goods and services in general. To appreciate this one need only recall that the major part of philanthropic spending purchases religious pastoral and educational service, college education, medical and hospital care, and music, dance, and drama. In the production of these services there is limited opportunity for the substitution of capital for labor and limited opportunity for reduction in the unit cost, and price, of these services.

The effect of the labor-intensive nature of production is suggested by the price indexes presented in Table 2. As mentioned, the most general index of price change in the economy, the implicit price deflator for the GNP, grew by about 1 percent per year more rapidly than did prices in general, which grew at a compound annual rate of about 3 percent. For the philanthropic service sector the annual growth rate in prices was about 4 percent.

The doubling in dollar value of giving from 1960 to 1972, when account is taken of the more rapid rise in the prices of services purchased by private giving, is seen to be even more misleading than first suggested. The $20.4 billion in estimated total 1972 giving, adjusted by price indexes specific to the services purchased, shrinks to $12.6 billion in 1960 dollars. Measured by dollars of unchanging value, private giving in 1972 was only 26 percent greater than it was in 1960. Put another way, of the dollar growth in giving from 1960 to 1972, one quarter represented an increase in the actual quantity of services purchased and three quarters represented price inflation.

Detailed estimates by source of philanthropic funds, that is, by donor type, are presented in Table 3. It was not possible to develop price indexes specific to each donor group, and so constant dollar series for each donor category could not be estimated. Such price indexes would require knowledge of the particular mix of philanthropic services each donor group had purchased, and this information was not available. Accordingly, only the total estimate, based on donor data, could be deflated. The deflated series, using the general price index and that specific to philanthropic services, are also given in Table 3.

Annual series of total estimated giving are presented in Table 4. Four alternative measures of the real volume of giving are presented. They differ in the source of the estimate, price deflator used, and economic scope. The first might be taken as the most liberal. It is based on the series built up from donor data and is deflated by the more slowly growing implicit price deflator for the GNP. The fourth measure is the most conservative; it is based on the series based on recipients data, excludes endowment increases, and is deflated by the more rapidly growing price series specific to philanthropic services.

The four series describe essentially the same time pattern of growth over the period. There was relatively rapid growth from 1960 to 1967 or 1968, little or no growth from that time forward.

Table 3

Philanthropic Fund Flows From Major Donor Classes, 1960, 1964, 1968, 1970, and 1972 (in millions of current dollars)

	1960	1964	1968	1970	1972
Living Donors	$7,891	$9,546	$12,495	$14,004	$15,796
Fiduciaries	153	306	411	439	470
Bequests	669	876	1,466	1,476	1,600
Foundations[a]	800	1,200	1,400	1,770	1,930
Corporations[b]	496	675	925	978	1,104
Endowments Earnings of Operating Organizations:					
Higher education	303	408	580	668	717
Hospitals	90	122	167	225	300
Religious bodies	65	85	115	130	150
Total, Current Dollars	$10,467	$13,218	$17,559	$19,690	$22,067
Total, 1960 Dollars	$10,467	$12,029	$13,622	$13,505	$13,638
Price Index[c]	100	110	129	146	162

a. Grants plus administration and project expenses. Excludes company-sponsored foundations.

b. Adjusted for effect of company-sponsored foundations on corporate philanthropic fund flows.

c. Based on Indexes for specific recipient groups as illustrated above in Table 2 for the year 1972.

Table 4

Four "Constant Dollar" Measures of Total Private Giving, 1960-1972
(in millions of 1960 dollars)

	Total Based on Donor Data Deflated By		Based on Recipient Data Deflated by Price Indexes Specific to Recipient Categories	
Year	Implicit Price Deflator for GNP	Price Indexes Specific to Philanthropic Services	Total	Current Operations and Construction (Excludes Net Endowment Increase)
1960	$10,467	$10,467	$ 9,996	$ 9,312
1961	10,858	10,752	10,418	9,732
1962	11,458	11,196	10,774	10,048
1963	11,811	11,415	11,176	10,345
1964	12,541	12,029	11,427	10,814
1965	13,070	12,422	11,923	11,266
1966	13,616	12,792	11,939	11,278
1967	14,088	13,119	12,480	11,803
1968	14,830	13,622	12,400	11,596
1969	14,848	13,420	12,345	11,549
1970	15,031	13,505	12,384	11,356
1971	15,527	13,776	13,113	11,769
1972	15,595	13,638	12,615	11,915

Philanthropic Product in the National Product

The funds transferred from donors to recipient institutions are used in three ways. First, and in dollar terms the most important, they are used to conduct the current programs of the recipient institutions. They help to pay the salaries of clergymen, professors, researchers, social workers, medical personnel, and performing artists. They are also used to employ supporting personnel, pay rent, purchase supplies, and pay for other things needed in the production of the service these organizations provide.

The second use of philanthropic transfers is for the construction and equipping of the physical facilities operated by recipient institutions. Not a small part of giving is designated for the construction of churches, college and university buildings, hospitals, museums, and concert halls. The third use of the funds transferred from donors is to add to the endowments of the institutions. Here the funds are invested and provide an ongoing flow of income for the support of the institutions' future activities.

Of the three uses, only the first two involve the immediate and direct production of services and structures. Such spending on direct economic production adds to the national product in the current year. Funds added to endowment may or may not find their way into the national product. To the extent that they are transfers of the ownership of financial assets they may have no effect on the current level of economic production. To the degree that there is a net positive channeling of new endowment funds into economic production, it is more likely to be into sectors other than the nonprofit sector.

It follows that the measure of philanthropic activity most relevant for describing its contribution to the national product is one that measures types of activities that represent part of that product. Private giving dollars spent for current operations and construction, excluding those used to increase endowment, are the part of philanthropic fund flows most properly compared to the gross national product. This part of philanthropic fund flows might be labelled "philanthropic product" in keeping with the terminology of national economic accounting.

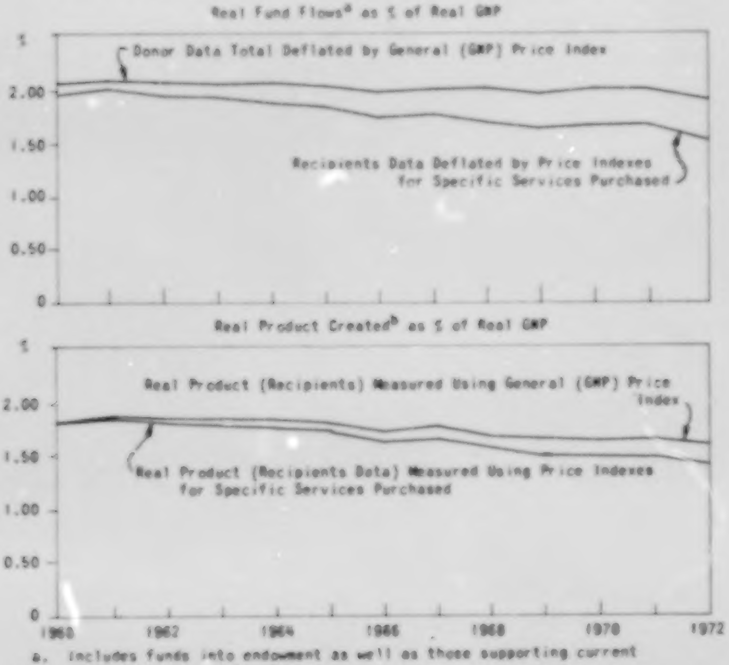
Since 1960, philanthropic product has failed to keep pace with the growth of GNP. Over the period from 1960 to 1972 real philanthropic product (1960 dollars) grew from $9.3 billion to $11.9 billion, an increase of 28 percent. In the same period the GNP grew by 62 percent from $504 billion to $8[illegible]3 billion, again in dollars of 1960 purchasing power.

The trend is described in the lower panel of Chart 1 and in column 4 of Table 5. In 1960 philanthropic product accounted for 1.85 percent of GNP; by 1972 its share had fallen to 1.46 percent. Had prices of philanthropic services increased only as much as prices in general, 1972 private giving dollars would nonetheless have supported a lower share of the national product than they had in 1960, a decline from 1.85 to 1.66 percent (see Chart 1 lower panel, upper line and column 3 of Table 5).

A slightly more optimistic measure of the trend is given in the upper line in the top panel of Chart 1. Here the higher estimate series based on donor's data is deflated by the more slowly growing general price index (GNP deflator).[2] In addition, the series includes the endowment increases as well as current philanthropic product generated from philanthropic fund flows. Though less extreme, the decline is seen to be significant and persistent, from 2.08 percent of GNP in 1960 to 1.91 percent in 1972. Much the same pattern is revealed by the recipient series, described in column 1 of Table 5, where the decline was from 1.98 percent to 1.76 percent.

Chart 1

Total Private Giving as Percent of Gross National Product, 1960-1972



Real Fund Flows[a] as % of Real GNP

Real Product Created[b] as % of Real GNP

a. Includes funds into endowment as well as those supporting current operations and construction.

b. Support of current operations and construction, excludes net increase in endowment.

Table 5

Total Private Giving As Percent of Gross National Product, 1960-1972
(Recipient Data)

Year	Philanthropic Fund Flows[a] As Percent of GNP		Philanthropic Product[b] As Percent of GNP		Gross National Product	
	Current Dollar	Constant Dollar[c]	Current Dollar	Constant Dollar[c]	Current Dollar	Constant Dollar
	(1)	(2)	(3)	(4)	(5)	(6)
1960	1.98%	1.98%	1.85%	1.85%	$503.7	$503.7
1961	2.05	2.03	1.91	1.90	520.1	513.4
1962	2.02	1.97	1.88	1.84	560.3	547.2
1963	2.03	1.96	1.88	1.82	590.5	568.9
1964	1.98	1.90	1.87	1.80	632.4	600.0
1965	1.97	1.87	1.85	1.77	684.9	638.3
1966	1.87	1.76	1.76	1.66	749.9	679.9
1967	1.92	1.79	1.81	1.69	793.9	697.6
1968	2.01	1.70	1.72	1.59	864.2	730.0
1969	1.82	1.65	1.70	1.54	929.1	748.7
1970	1.85	1.67	1.69	1.53	974.1	743.6
1971	1.92	1.70	1.71	1.53	1054.9	770.6
1972	1.76	1.54	1.66	1.46	1158.0	818.4

a. Includes net funds into endowment as well as those supporting current operations and construction.
b. Support of current operations and construction; excludes net increase in endowment.
c. Philanthropy series deflated by price indexes for specific services purchased.

The evidence seems to point quite consistently to the conclusion that in the 12-year period from 1960 to 1972, private philanthropy's share of the American economy experienced considerable shrinkage.

The Quantity of Philanthropic Services Supplied to the Average American

In 1972 each of the 209 million persons in the United States received, on average, about $92 in services purchased with the money provided by private giving (see Table 6, column 2).[3] The benefit was, of course, not uniformly distributed; however, this per capita figure provides a concrete measure, in personal dimensions, of the impact of private philanthropy. To repeat, then, in 1972 the average American was, through private giving, directly or indirectly provided with almost $100 in religious, educational, health, welfare, cultural, and other services.

How does the $92 in per capita philanthropic service for 1972 compare with that of 1960, 12 years earlier? The substantial dollar growth in giving over this period was described above. Over the same period, however, there was also a considerable growth in the U.S. population, from 181 million to 209 million persons. Also, as reported above, the price index for philanthropic services rose by three fifths.

Thus, the question that this section focuses on is, Has the growth in private giving been sufficient to keep up with or surpass the increase in population and the rise in the price of services purchased with philanthropic dollars? In dollar terms, the $92 received in 1972 was 78 percent greater than the average person had received in 1960, in which year he had received about $52 worth of services. Thus the growth in giving was great enough to match the growth in population and provide a more than three-quarters increase in the dollar value of services supplied. However, because of the 61 percent rise in the price of these services, the growth in their actual quantity was much more modest. In dollars of 1960 purchasing power,

Table 6

The Dollar Value of Services Provided the Average Person Through Private Philanthropy, 1960-1972

	Per Capita Philanthropic Outlays				
	Current Dollars		Constant (1960) Dollars		
Year	Total Money Flow (1)	Philanthropic Product (Current Operations and Construction) (2)	Total Money Flow (3)	Philanthropic Product (Current Operations and Construction) (4)	Population (in millions) (5)
1960	$55.32	$51.53	$55.32	$51.53	180.7
1961	58.05	54.19	56.71	52.98	183.7
1962	60.5[illegible]	56.43	57.77	53.88	186.5
1963	63.47	58.66	59.07	54.68	189.2
1964	65.41	61.79	59.55	56.35	191.9
1965	69.32	65.36	61.36	57.98	194.3
1966	71.27	67.16	60.73	57.37	196.6
1967	76.77	72.37	62.81	59.40	198.7
1968	79.65	74.19	61.78	57.78	200.7
1969	83.61	77.89	60.90	56.98	202.7
1970	88.10	80.43	60.44	55.42	204.9
1971	97.73	87.17	63.34	56.86	207.0
1972	97.75	91.86	60.42	57.06	208.8

per capita support rose from $51.53 to $57.06 or by 10.7 percent (Table 6, column 4).

Effect of population growth may be seen more sharply by a rearrangement of these data. As reported above, from 1960 to 1972 the total real value of the philanthropic product grew by 28 percent. In the same period the population grew by 15.6 percent. From this it follows, as in the preceding paragraph, that the growth in real per capita philanthropic services was 10.7 percent. On this reckoning, it is seen that of the growth in total real private philanthropy, three fifths was required by the growing population served by philanthropy and two fifths reflected an increase in the quantity of services provided by philanthropy to the average person.

Table 6 describes the year-to-year pattern of growth in real per capita philanthropic services (product) and so provides us with some notion of the pattern within the period. It is seen that all of the growth had taken place by 1965. From that year forward the trend was essentially flat; if any net direction of movement were described by the series since 1965 it probably would be a slightly downward one. Since the mid-1960s, in other words, growth in real philanthropic output has done no more than to keep pace with the growth in population.

II

THE TREND IN GIVING TO RELIGION AND IN GIVING TO PURPOSES OTHER THAN RELIGION

In the first part of this report data were presented that suggested that, in the aggregate, private philanthropy's share of the economy had "experienced considerable shrinkage." This section contains an examination of the location within the total philanthropic sector of the decline in share. Private philanthropy encompasses a variety of activities, and it is possible that the trend in the aggregate may conceal divergent and possibly offsetting trends in the share of particular kinds of activities. As will be seen, this is particularly the case in the trend in giving to religious purposes as against the trend in giving to other kinds of philanthropic purposes.

One reason for making a separate examination of the possibly divergent trend in religious giving is the sheer size of the religious sector within the private giving sector. Over the period 1960-1972 the cumulative total of religious giving was 49 percent of the total to all kinds of recipients. Any significant independent trend in religious giving, and there was a pronounced decline in the share of religion, would tend to obscure the trend in non-religious philanthropic giving.

Another reason for treating religion separately is that to some students of philanthropy, giving to religion is qualitatively different from giving to other kinds of causes. For non-religious giving, the benefit received by the giver from the services purchased with the gift is typically uncertain, indirect, and often perceived in general terms as being "a good thing to do." Giving to a religious organization, on the other hand, is more directly akin to membership dues in an organization of one's personal choice, which produces spiritual, educational, and social benefits of direct value to the giver.

The divergent trends in religious and other giving are described in Table 7. Here it is seen (columns 1 and 3) that religion experienced a persistent and pronounced decline in share of GNP. This was true whether the share was measured in dollars

Table 7

Giving to Religion and to Purposes Other Than Religion as Percent of Gross National Product, 1960-1972

	Giving as Percent of Gross National Product			
	Current Dollars		Constant (1960) Dollars	
Year	Religion (1)	Other Than Religion (2)	Religion (3)	Other Than Religion (4)
1960	1.10%	0.88%	1.10%	0.88%
1961	1.12	0.93	1.11	0.92
1962	1.06	0.95	1.04	0.92
1963	1.05	0.98	1.02	0.94
1964	1.02	0.96	0.99	0.91
1965	1.03	0.95	0.99	0.88
1966	0.96	0.91	0.91	0.93
1967	0.96	0.96	0.91	0.88
1968	0.88	0.97	0.81	0.88
1969	0.85	0.98	0.77	0.88
1970	0.85	1.00	0.76	0.90
1971	0.83	1.09	0.74	0.96
1972	0.79	0.97	0.71	0.84

Source: Appendices A and C and Table 5.

uncorrected for price level increases or in dollars of constant purchasing power. As the price of the services provided by religious organizations increased more rapidly than did prices in general (59 percent as against 42 percent from 1960 to 1972), the decline in the deflated dollar share was greater than that in the undeflated dollar share. On either measure, religion's 1972 share of the economy was about two thirds the share it had held 12 years before.

One development contributing to the decline in religion's share of the economy (and of total giving) since 1960 has been the great growth and great decline in the Roman Catholic school system that has taken place since World War II. In 1950 about 10 percent of total philanthropic contributions were used for the support of this school system. The share rose to 11 percent in the mid-1950s and by 1972 had declined to 7 percent.

The greatest expansion in the system took place between the 1947-48 and 1959-1960 academic years when enrollment grew from 2.8 million to 5.1 million. Growth continued in the early 1960s, at a lower rate, with a peak of 5.7 million students in the 1964-65 academic year. Thereafter, the system's enrollment declined sharply, with 1972-73 enrollment at 3.8 million students, 33 percent below its 1964-65 level.

Giving for the construction of parochial schools reflected the growth patterns described above. The peak years for construction, and presumably for building fund drives, were the mid-1950s. Since the mid-1960s, with enrollments on the decline, construction primarily reflects marginal shifts in the location of parishes and parish schools and is a minor fraction of its peak level.

The current dollar series on parochial school support conceals this sharp decline in the volume of real (constant dollar) support. This is so because the price index for parochial school operation has risen much more rapidly than that of other philanthropic sectors (See Table A-4). This reflects a major shift in the composition of teaching staffs away from low compensation teaching sisters and brothers and toward more highly compensated lay teachers. Accompanying this development has been the increasing need to charge tuition, the funds provided by general parish collections and other fund drives being insufficient to meet the increased per-pupil costs. This has meant a decline in the share of contributions in the support of an activity that itself declined in size over the 1960-1972 period.

Separate examinations of the trend in giving for purely religious purposes and that for the support of the parochial school system are presented Table 8. The constant-dollar comparison is perhaps the most striking, for here it may be seen that of the 0.39 point decline in total religion's percentage of real GNP, from 1.10 to 0.71 (Table 7), more than one third (0.14 points) reflected the decline in parochial school support.

With the parochial school sector removed from the religious giving series, the share of "strictly religious" giving in the national product may be more clearly traced. As shown in Table 8, the decline in share, though less than previously suggested, was nonetheless quite significant, from 0.90 to 0.65 percent of GNP, or by roughly one quarter. As shown in column 5 of Table 8 this represented no growth in the quantity of religious product provided to the average person, the value for 1972 being virtually equal to that of 1960. In the same period, real gross national product per capita had risen by 41 percent.

While the overall per capita religious product showed no growth, the quantity of that product provided the active churchgoer probably increased somewhat. Surveys made for the National Council of Churches reported that the percentage of adults attending church declined from 47 percent in 1960 to 40 percent in 1971.[4] A more recent survey done under Roman Catholic auspices reported a one-third drop in Catholic Church attendance over the 11 years from 1963 to 1974.[5]

The separate treatment of the decline in religious giving places the trend in giving for the "other-than-religion" programs in a much different perspective than that

Table 8

Trends in Philanthropic Support of "Strictly Religious" Programs[a] and Parochial School Programs, as Percent of Gross National Product, 1960-1972

	Giving as Percent of Gross National Product				
	Current Dollars		Constant (1960) Dollars		
Year	Strictly Religious Programs (1)	Parochial School Programs (2)	Strictly Religious Programs (3)	Parochial School Programs (4)	Per Capita Outlays on Strictly Religious Programs in 1960 Dollars (5)
1960	0.90%	0.20%	0.90%	0.20%	$25.18
1961	0.92	0.20	0.92	0.19	25.65
1962	0.86	0.20	0.86	0.18	25.30
1963	0.85	0.20	0.85	0.18	25.52
1964	0.83	0.19	0.83	0.16	26.01
1965	0.86	0.17	0.85	0.13	28.02
1966	0.79	0.17	0.78	0.12	27.13
1967	0.80	0.16	0.80	0.10	28.13
1968	0.73	0.15	0.72	0.09	26.23
1969	0.70	0.15	0.68	0.09	25.25
1970	0.70	0.15	0.69	0.08	24.92
1971	0.69	0.14	0.67	0.07	25.05
1972	0.67	0.13	0.65	0.06	25.30

a. Estimated philanthropic income of religious organizations minus estimated philanthropic support of Roman Catholic primary and secondary school system.

Source: Appendices A and C and Table 5.

suggested by the trend in aggregate giving. Instead of showing a declining share of the economy, the "other than religion," which accounts for approximately one half of total philanthropy, is best characterized as having a flat trend over the period. When measured in dollars uncorrected for differential trends between the general price level and that for philanthropic services, it shows a slight upward trend (see Table 7, column 2). However, the price level for "conventional" (that is, non-religious) philanthropic services rose by 64 percent over the period, compared with 42 percent for prices in general. When the series are deflated by the appropriate indexes, the trend in share of GNP is seen to be flat, with an overall slightly negative tilt. (Table 7, column 4).

This finding may serve to clarify the concern expressed by representatives of those organizations to which secular giving has traditionally been directed, particularly higher education and social welfare. In part, the problem of non-growth or decline they have experienced reflects the non-growth in the share of total non-religious giving in the economy. In addition, it reflects the rapid growth in the philanthropic support of other types of secular organizations, particularly those in cultural and civic affairs (see Table A-1).

III

TRENDS IN GIVING BY LIVING DONORS, 1960-1972

Much of the decline in *total* giving's share of the Gross National Product reflects the decline in the share of *personal* giving in the GNP. Such giving by "living donors" – individuals and families – made up a lower proportion of total giving in

1972 than it did in 1960, about 72 or 73 percent, down from 75 percent or more. In current dollars, personal giving's share of GNP declined from about 1.57 percent to about 1.40 to 1.45 percent. In dollars of constant purchasing power, as suggested above, the decline was much more pronounced.

The principal economic base for personal giving is personal income and so the more direct comparison is one that relates giving to this base rather than to GNP. Two definitions of personal income have been used in making the comparisons presented in this paper. One is "Personal Income," a major component in the national income and product accounts, as these are estimated by the U.S. Department of Commerce. Its virtues are its comprehensiveness and its correspondence to the usual definitions of income. The second is a national estimate of total adjusted gross income (AGI), as this has been defined by the Internal Revenue Service. Its virtue is its correspondence, in definition and concept, to the IRS measure of income which accompanies the contributions data in the tabulations of tax returns.

The series on personal giving presented earlier in this paper will be related to the two personal income series described above. To broaden the comparison, a set of three other personal giving series also will be related to those on personal income. These are extrapolations based on Martin Feldstein's benchmark estimates for the years 1962 and 1970.[6] In this manner, the trend in the percentage of income given may be established more conclusively.

The findings for the four measures of personal giving and the two measures of personal income are presented in Table 9. Whichever of the eight series is examined,

Table 9

Personal Giving[a] as a Percentage of Personal Income, 1960-1972

	Personal Income in the Gross National Product				Total Adjusted Gross Income (U.S. Department of Commerce)[b]			
	Nelson Giving Estimate[c]	Feldstein Giving Estimates			Nelson Giving Estimate[c]	Feldstein Giving Estimates[d]		
Year		High	Medium	Low		High	Medium	Low
1960	2.29%	2.74%	2.80%	2.84%	2.63%	3.14%	3.22%	3.27%
1962	2.25	2.69	2.69	2.69	2.60	3.10	3.10	3.10
1964	2.23	2.70	2.65	2.61	2.55	3.09	3.03	2.98
1966	2.10	2.54	2.45	2.38	2.40	2.91	2.79	2.71
1968	2.11	2.53	2.40	2.31	2.41	2.90	2.75	2.64
1970	2.01	2.38	2.24	2.14	2.38	2.82	2.66	2.54
1972	1.94	2.41	2.27	2.19	2.30	2.87	2.68	2.60
(1972 Revised)[e]	(2.10)				(2.48)			
Percent change 1960-1972	-15	-12	-19	-23	-13	-9	-17	-20
	(-8)				(-6)			

a. Defined as contributions itemized on tax returns and those that would have been itemized had non-filers and non-itemizers itemized their deduction.

b. John C. Hinrichs, "The Relationship Between Personal Income and Taxable Income," *Survey of Current Business*, February 1975, Table 1, p. 34.

c. Differs from estimates presented in Appendix B, where an adjustment was made for the combination of overreporting and legally deductible out-of-pocket donor expenses not recorded as receipts by donors. Feldstein's estimates do not contain this adjustment, so in this table the estimates are comparable in definition.

d. The Feldstein estimates were higher than those of Nelson because Feldstein imputed higher contribution to non-itemizers with between 26 percent and 33 percent of total contributions; Nelson credits them with 21 percent. For a more detailed examination of the estimating procedures see Nelson "A Note on the Estimation of Personal Giving," prepared for the Commission on Private Philanthropy and Public Needs, August 27, 1975, revised October 2, 1975.

e. Revised to give greater effort to the liberalization of the standard deduction.

Table 10

Itemized Contributions as Percent of the Adjusted Gross Income of Itemizers, by Income Class, 1958-1970

Income Class	1958	1960	1962	1964	1966	1970
Under $5,000	4.61%	4.58%	4.34%	4.54%	4.56%	
					5.11	5.63%
$5,000-9,999	3.51	3.35	3.18	3.13	2.97	
					3.12	3.28
$10,000-14,999	n.a.	3.22	3.03	2.90	2.66	
					2.72	2.55
$15,000-19,999	n.a.	3.26	3.14	2.96	2.70	
					2.75	2.43
$20,000-49,999	n.a.	3.42	3.30	3.18	2.83	
					2.88	2.61
$50,000-99,999	n.a.	4.24	4.15	3.98	3.39	
					3.44	3.34
$100,000 and over	n.a.	9.81	9.83	9.13	7.66	
					7.77	7.27
All classes	3.92	3.73	3.53	3.41	3.13	
					3.24	3.01

Source: 1958-1968: Mary Hamilton, "Philanthropy and the Economy," in Commission on Foundations and Private Philanthropy, *Foundation, Private Giving and Public Policy* (University of Chicago Press, 1970), Appendix V, Table A.50; Extension of 1966 and 1970: Taken from U.S. Internal Revenue Service, *Statistics of Income*. As indicated by the 1966 overlays, the series is not continuous, though valid as used to identify changes. Computation of 1968 percentages was not possible owing to insufficient detail in IRS tabulations for that year.

n.a. - not available.

the pattern is much the same. There was a persistent and significant decline in the percentage of personal income given over the period from 1960 to 1972. On balance, the Feldstein estimates appear to describe a somewhat more pronounced decline than those presented in this paper.

The observed downtrend in giving as a percentage of income receives indirect confirmation from other types of evidence. As shown in Table 10, declines in itemized contribution as a percentage of the income of itemizing taxpayers were almost universally found for taxpayers in the same money income class. In eight of the nine income classes the 1970[7] percentage of income givers was below, and typically sharply below, that of 1960. The general movement of families into higher income classes modified the downtrend in the overall percentage; however, this too was down significantly. The only exception to this pattern was the group of itemizing taxpayers having AGIs of less than $5,000, however this income class became progressively less important over the period. In 1958 it accounted for 23 percent of itemized contributions; by 1970 its share had fallen to 6 percent.

Some insight into the process by which the percentage of giving to income declined over the period may be gained by examining the giving behavior of families as they moved into higher income classes. The change over the 4-year period 1966 to 1970, presented in Table 11, suggests something of this behavior. Over this relatively short period there were great changes in the numbers of families in particular money income classes, with the populations of the middle- and upper-income classes growing by millions of itemizing taxpayers.

Movements into higher income classes were accompanied by declines in the average deduction for contributions. In part this reflects the fact that greater numbers of families had moved up into the lower parts of given income classes than had moved up out of the upper parts. However it also reflects, in part, the failure of families to increase their giving to keep pace with the growth in their incomes. This seems to have been the case despite the generally greater tax incentive to increase giving that comes with higher incomes.

Table 11

Number of Tax Returns Itemizing Contributions and Average Itemized Contributions, by Income Class, 1966 and 1970

	Number of Returns (in thousands)			Average Contributions Deduction		
Income Class	1966	1970	% Change	1966	1970	% Change
Under $5,000	5,001	3,911	-22%	$ 172	$ 209	+22%
$5,000-9,999	12,047	10,938	-9	235	250	+6
$10,000-14,999	6,420	10,206	+59	327	314	-4
$15,000-19,999	1,819	4,816	+165	467	415	-11
$20,000-49,999	1,459	3,348	+129	820	706	-14
$50,000-99,999	209	340	+63	2,270	2,203	-3
$100,000 and over	51.6	75.7	+46	15,658	13,482	-14

Source: Internal Revenue Service

Another interpretation of these downward changes in average contributions is that they reflect the past giving habits of persons and families who recently have moved into higher income classes. As time goes on, giving by such families may increase as they adjust spending patterns to higher income levels. Taking place concurrently with these adjustments, however, may be changes in tax incentives. Of particular importance may have been the recent extension of the standard deduction option to large numbers of families who would, under previous provisions of the tax law, have been increasingly exposed to the tax-deductibility inducement to giving. Current adjustments to rising incomes, therefore, may not be as prompt or complete as those made under the stronger incentives of the past.

The researches of Martin Feldstein also suggest that the trend in personal giving has been significantly affected by a decline in the disposition or propensity of people to give to philanthropy. This trend in giving propensity is a development whose effect is separate from that of changes in income and in tax incentives. Feldstein's econometric analysis permits him to identify and separately measure the effects of income, price (1 minus the tax rate), and other time-related developments of which the changes in the propensity to give is the most important.

Feldstein presents in two of his studies measures of what might be called the "propensity-to-give" effect. The studies use different sets of data and different analytical procedures. Accordingly, they provide independent measures of the trend in giving propensity.[8] They agree on the existence of a decline and provide similar measures of its magnitude.

In the first study, Feldstein estimates the relationship between giving, on the one hand, and income, price (1 minus marginal tax rate), and time, on the other. He presents the following regression equation:[9]

$$\ln \text{Giving} = -1.649 + 0.806 \ln \text{Income} - 1.272 \ln \text{Price} - 0.014 \text{ Time.}$$

The term that includes the effect of changes in propensity to give is the one containing the word "Time," and the effect is measured by the coefficient of the "Time" variable. As giving is expressed in (natural) logarithms, the coefficient of "Time" may be directly translated into a growth rate expressed in decimal form. It can be interpreted as the annual relative change in giving that would have occurred had no change in income or price taken place. Thus interpreted, the annual change in giving, in percentage form, was a negative 1.4 percent per year.

In the second study, Feldstein and Taylor analyze two large samples of individual income tax returns, one from the year 1962, the other from 1970. Adjusting the 1970 data to maintain comparability in real income, they measure (1) the effect of the price differences produced by a reduction in tax rates and (2) the effect of an exogenous trend factor. As before, the trend factor primarily reflects the effect of changes in the propensity to give.

The analysis was made using two alternate definitions of the price variable. On one definition it was found that "there was an exogenous decrease of 8 percent from 1962 to 1970, or approximately 1 percent per year."[10] On the other definition the exogenous decrease was found to be 14.3 percent, or about 1.8 percent per year.[11] The results of the second study thus bracket the finding of a 1.4 percent annual decline made in the first study.

While the annual percentage decline in propensity to give of 1.4 percent may appear to be a modest one, its cumulative effect over a period of years is significant. It means, for example, that had giving propensity *not* declined, the 1972 contributions of individuals and families would have been almost one-fifth larger than they actually were, relative to a 1960 base. In dollars of 1972 value, giving would have been more than $3.5 billion greater than it actually was.

The statistical findings of a decline in propensity to give are reflections of a number of developments in the broader society. One of these documented above is the evident decline of activity in and financial commitment to religious organizations in general and to the parochial school system in particular. Another type of development may be the growth of public support of programs in higher education, health, welfare, and cultural activities, perceived by potential contributors as substitutes for private support. These and other factors may be shaping the attitudes of the cohorts of younger families who, while forming an increasing part of the economic base of giving, have developed giving habits different from and usually less "generous" than those of the cohorts of older families who are a declining part of the economic base.

Table A-1
Estimated Income From Private Philanthropy by Recipient Organizations, 1960-1972
(in millions of current dollars)

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972
Religious Institutions													
Protestant													
National Council of Churches Reporting Group	$2,443	$ 2,700	$ 2,800	$ 2,859	$ 2,973	$ 3,172	$ 3,287	$ 3,613	$ 3,580	$ 3,704	$ 3,827	$ 4,387	$ 4,616
Negro churches	428	443	451	468	492	561	569	621	607	643	680	725	783
Latter Day Saints	160	176	184	198	211	229	234	256	251	269	288	310	342
All other protestant	612	492	430	514	577	800	760	733	647	614	773	532	572
Roman Catholic													
Parish and diocese operation	506	526	541	560	580	598	622	648	684	731	780	821	854
Church and rectory construction	203	201	207	200	200	241	232	219	208	109	178	154	161
Parochial school operation	690	764	835	900	929	1,014	1,076	1,170	1,245	1,339	1,387	1,444	1,451
Parochial school construction	303	294	285	280	274	140	163	57	48	62	35	39	43
Jewish Giving for Congregations, Central Councils and Seminaries	154	159	164	168	174	182	196	212	213	216	224	239	264
Eastern and Old Catholic Churches	44	50	58	62	66	73	77	88	93	98	104	111	116
	5,543	5,822	5,955	6,209	6,476	7,010	7,176	7,625	7,576	7,855	8,276	8,762	9,202
Higher Education													
Current operations and construction	935	1,027	1,135	1,257	1,392	1,529	1,567	1,608	1,822	1,966	2,015	2,143	2,347
Net endowment increase	297	316	341	375	394	409	415	429	443	457	472	489	500
	1,232	1,343	1,476	1,632	1,786	1,938	1,982	2,037	2,265	2,423	2,487	2,632	2,847
Hospitals and Health													
Health and hospital services	479	527	548	593	614	634	672	850	900	1,000	1,000	1,050	1,100
Medical facilities construction	268	328	432	455	599	602	590	579	650	725	800	850	960
Addition to endowment	75	100	125	150	175	200	250	300	350	400	450	500	530
Medical research	125	132	141	151	158	166	173	178	180	180	150	210	210
	947	1,087	1,246	1,349	1,546	1,602	1,685	1,907	2,080	2,305	2,400	2,610	2,800
Youth, Welfare, Poverty, Race Relations, Urban Problems	1,108	1,163	1,218	1,256	1,296	1,335	1,404	1,621	1,825	1,950	2,050	2,200	2,350
Foundations as Recipients[a]													
Net endowment increase	312	292	304	384	126	159	143	146	302	301	650	1,200	200
Project and administration expense	130	136	142	147	158	166	175	184	193	202	210	220	230
	442	428	446	531	284	325	318	330	495	503	860	1,420	430
Civic and Cultural Programs	180	230	290	340	395	460	540	621	710	850	900	1,400	1,540
Voluntary Foreign Aid	292	315	367	368	421	420	427	672	560	567	567	682	652
Independent Primary and Secondary Schools	26	34	42	52	65	74	82	97	113	121	114	118	131
Charity Rackets	228	241	255	271	283	304	317	344	351	383	408	406	459
Total of Listed Recipients	$9,996	$10,663	$11,295	$12,008	$12,552	$13,468	$14,011	$15,254	$15,985	$16,867	$18,062	$20,230	$20,411
Endowment increase	684	708	770	909	695	768	808	875	1,095	1,158	1,572	2,189	1,230
Current operations and construction	9,312	9,955	10,525	11,099	11,857	12,700	13,203	14,379	14,890	15,709	16,490	18,041	19,181

a. Excludes company-sponsored foundations.

Table A-2

Estimated Philanthropic Fund Flows From Donors, 1960-1972
(in million of current dollars)

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972
Living Donors	$ 7,891	$ 8,134	$ 8,576	$ 8,927	$ 9,546	$ 9,983	$10,612	$11,325	$12,495	$13,265	$14,004	$14,601	$15,796
Fidiciaries	153	168	182	244	306	369	383	397	411	425	439	455	470
Bequests	669	810	951	913	876	1,020	1,164	1,309	1,468	1,300	1,476	2,300[c]	1,600
Foundations[a]	800	860	920	980	1,200	1,230	1,295	1,340	1,400	1,525	1,770	1,820	1,930
Corporations[b]	496	539	579	629	675	750	836	875	925	968	978	989	1,104
Endowments Income of Operating Organizations													
Higher education	303	321	345	374	408	445	485	527	580	633	668	692	717
Hospitals	90	97	105	113	122	132	143	154	167	190	225	260	300
Religious bodies	65	70	75	80	85	95	100	105	115	120	130	140	150
Total (current dollars)	$10,467	$10,999	$11,733	$12,260	$13,218	$14,024	$15,018	$16,032	$17,559	$18,426	$19,690	$21,257	$22,067
Total (1960 dollars)													
Specific price series	10,467	10,752	11,196	11,415	12,029	12,422	12,782	13,119	13,622	13,420	13,505	13,776	13,638
Implicit GNP deflator	10,467	10,858	11,456	11,811	12,541	13,070	13,616	14,088	14,830	14,848	15,031	15,527	15,595

a. Grants plus administration and project expenses. Excludes company-sponsored foundations.
b. Adjusted for effect of company-sponsored foundations on corporate philanthropic fund flows.
c. Reflects transfer of $1 billion bequests to Robert Wood Johnson Foundation.

Table A-3

Estimated Income From Private Philanthropy by Recipient Organizations, 1960-1972
(in millions of 1960 dollars)

	Specific Deflator Code	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972
Religious Institutions														
Protestant														
National Council of Churches Reporting Group	1	$ 2,533	$ 2,680	$ 2,732	$ 2,746	$ 2,815	$ 2,945	$ 2,909	$ 3,184	$ 3,003	$ 2,937	$ 2,865	$ 3,143	$ 3,170
Negro churches	1	428	438	440	450	466	521	513	544	509	510	507	517	536
Latter Day Saints	1	160	174	180	190	200	213	211	224	211	213	215	221	236
All other protestant	1	512	487	420	494	546	743	667	642	543	487	577	380	393
Roman Catholic														
Parish and diocese operation	3	506	521	531	543	556	566	573	581	588	593	593	590	600
Church and rectory construction	5	203	197	198	185	180	210	191	172	154	129	114	89	85
Parochial school operation	4	690	709	723	742	731	725	735	681	643	606	559	517	466
Parochial school construction	5	303	288	272	259	246	122	138	45	36	35	22	22	23
Jewish Giving for Congregations, Central Councils and Seminaries	1	154	157	160	161	165	178	166	166	179	171	167	171	182
Eastern and Old Catholic Churches	1	54	57	57	60	63	68	69	77	78	78	79	75	80
		5,543	5,708	5,713	5,830	5,968	6,291	6,172	6,316	5,944	5,759	5,698	5,725	5,772
Higher Education														
Current operations and construction	2	935	989	1,055	1,125	1,203	1,270	1,239	1,202	1,282	1,291	1,242	1,222	1,244
Net endowment increase	2	297	304	317	336	341	340	328	321	312	300	291	277	265
		1,232	1,293	1,372	1,461	1,544	1,610	1,567	1,523	1,594	1,591	1,533	1,499	1,509
Hospitals and Health														
Health and hospital services	6	479	514	521	550	556	561	569	674	671	697	661	647	657
Medical facilities construction	5	268	321	413	421	539	524	487	455	483	497	511	489	504
Addition to endowment	6	75	97	119	139	158	177	212	238	261	279	298	308	316
Medical research	7	125	128	133	138	141	143	144	142	137	131	103	137	130
		947	1,060	1,186	1,248	1,394	1,405	1,412	1,509	1,552	1,604	1,573	1,581	1,607
Youth, Welfare, Poverty, Race Relations and Urban Problems	8	1,109	1,138	1,166	1,179	1,196	1,209	1,317	1,391	1,508	1,539	1,539	1,557	1,596
Foundations as Recipients														
Net endowment increase	10	312	285	290	356	114	140	121	118	231	217	439	759	119
Project and administration	8	130	133	136	138	146	150	155	158	159	159	158	157	156
		442	418	426	494	260	290	276	276	390	376	597	916	275
Civic and Cultural Programs	8	180	225	278	319	364	408	479	533	587	671	676	997	1,046
Voluntary Foreign Aid	8	292	308	351	346	388	360	379	577	463	440	418	422	443
Independent Primary and Secondary Schools	9	25	32	38	45	52	55	55	60	64	63	54	61	55
Charity Rackets	8	226	236	244	254	261	275	281	295	298	302	306	355	312
Total of Listed Recipients		$ 9,996	$10,418	$10,774	$11,176	$11,427	$11,913	$11,939	$12,480	$12,400	$12,345	$12,394	$13,113	$12,615
Endowment increase		684	686	726	831	613	657	661	677	804	796	1,038	1,344	700
Current operations and constructions		9,312	9,732	10,048	10,345	10,814	11,256	11,278	11,803	11,596	11,549	11,356	11,769	11,915

Table A-4

Price Deflators Used For Specific Categories of Recipients (1960-100)

Year	Deflator Code										Gross National Product
	1	2	3	4	5	6	7	8	9	10	(GNP)
1972	145.6	180.6	142.4	311.1	190.3	167.3	161.9	147.2	237.8	168.5	141.5
1971	140.1	175.3	137.4	279.5	173.9	162.3	153.1	140.4	227.5	158.2	136.9
1970	134.0	162.3	131.5	247.9	156.5	151.2	145.0	133.2	212.7	147.9	131.0
1969	126.1	152.3	123.2	220.8	146.0	143.4	137.5	126.7	193.5	139.0	124.1
1968	119.2	142.1	116.3	193.6	134.7	134.1	131.0	121.0	177.2	130.5	118.4
1967	114.2	133.8	111.6	173.1	127.2	126.1	125.0	116.5	162.7	123.9	113.8
1966	111.0	126.5	108.5	152.7	121.2	118.1	119.9	112.7	147.2	116.6	110.3
1965	107.7	120.4	105.7	139.8	114.8	113.1	115.9	110.4	134.4	113.8	107.3
1964	105.6	115.7	104.3	127.0	111.2	110.5	112.3	108.4	124.4	110.5	105.4
1963	104.1	111.7	103.1	121.3	108.1	107.9	109.4	106.5	116.6	107.9	103.8
1962	102.5	107.6	101.8	115.5	104.6	105.2	106.4	104.5	111.4	105.0	102.4
1961	101.1	103.8	100.9	107.6	102.2	102.6	103.1	102.2	105.7	102.3	101 3
1960	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Deflator code and series to which specific deflator was applied:

1 - All Protestant categories; Jewish giving; Eastern and Old Catholic.
2 - Higher education current operations and construction and net endowment increase.
3 - Roman Catholic parish and diocese operation.
4 - Roman Catholic parochial school operation.
5 - Roman Catholic church and rectory and parochial school construction.
6 - Health and hospitals service and additions to endowment.
7 - Medical research.
8 - Youth, welfare, etc.; foundation project and administration; civic and cultural programs; voluntary foreign aid; charity rackets.
9 - Independent primary and secondary schools.
10 - Foundation net endowment increase.

Footnotes

1. This is the fifth occasion on which I have prepared estimates of total private giving. Each has involved making estimates for lists of donor and recipient groups and using these to estimate total giving. The first set of estimates was prepared at the National Bureau of Economic Research, as part of a study of the changing position of philanthropy in the American economy, where an annual series for the period 1929-1959 was developed. The next two sets involved an updating of the series through 1962 and then through 1967, both at the request of the Carnegie Corporation. In the fourth set of estimates the lengthened series was updated through 1970, at the request of the U.S. Bureau of Census, to be published in *Historical Statistics in the United States*.

The present paper updates the series through 1972 and reestimates a number of the individual series from 1960 forward. I believe that the present estimates contain significant improvements, in concept and precision of estimation, over these previous efforts. However, I am not wholly or uniformly satisfied with them and invite others to continue to develop improved estimates for all parts of private giving.

2. This yields the same result as that obtained using current dollar (undeflated) data, as both the giving and GNP series are deflated by the same index.

3. The $92 in services include that part of giving devoted to the support of current operations and construction, and so in concept are equivalent to "current philanthropic product" as this notion was developed above. Were the funds devoted to the increase in endowments also included, the per capita amount would be $98 (Table 5, column 1).

4. National Council of Churches, *Church Financial Statistics and Related Data*, 1972, p. 19.

5. Federation of Diocesan Liturgical Commissions, as reported in the *New York Times*, October 15, 1975.

6. Feldstein presented one estimate for 1962 and three for 1970, all based on econometric behavioral equations estimated using tax-file data. The 1962 estimate is presented in "Taxes and Charitable Contributions: Differences in the Impact of Alternative Tax Policies on Religious, Educational, and Other Organizations" (October 1974). The 1970 estimates, based on alternate assumptions and data sets, are presented in "Simulated Changes in Total Giving and Taxes (billions of 1970 dollars)" (February 3, 1975). The three projections based on the Feldstein estimates provide us with what may be taken as his "high," "medium," and "low" estimates of the growth in personal giving over the period.

7. Presentation of 1972 data would be misleading because they reflect the broad liberalization of the standard deduction between 1970 and 1972.

8. The first study uses data on total giving, income, and marginal tax rate for 17 income classes for the 21 even-numbered years from 1948 through 1968: Martin Feldstein, "On the Effects of the Income Tax Treatment of Charitable Deductions: Some Preliminary Results" (January 1974, revised August 1974). The second study involves an analysis of cross-sectional data for 1962 and 1970 based on Treasury tax file data on individual income tax returns: Martin Feldstein and Amy Taylor, "The Income Tax and Charitable Contributions: Estimates and Simulations With the Treasury Tax Files" (1975).

9. Feldstein, "On the Effects of the Income Tax Treatment of Charitable Deductions," op. cit., equation (3).

10. Feldstein and Taylor, p. 1428.

11. Ibid.

THE SCOPE OF THE PRIVATE VOLUNTARY CHARITABLE SECTOR

Gabriel Rudney[†]

Little has been done to measure the scope of the private voluntary charitable sector. Data are needed on outlays of the sector and its sources of private and government financial support. Some very rough measurements are attempted here; their refinement is essential and certainly should be one of the major research projects to be performed in the future.

I

CONCEPT OF SCOPE

Definition of the scope of the sector is somewhat uncertain. Weisbrod and Long have defined it as including all tax-exempt institutions that file Form 990 at the Internal Revenue Service. They estimate the total outlays of these institutions to be roughly $500 billion. This definition is much broader than that used by the Filer Commission, which defined the private voluntary sector as including all voluntary institutions to which contributions are deductible under the federal income tax.

For the purpose of the estimates here, the scope is more narrowly defined to include *privately controlled tax-exempt operating institutions* to which donors' contributions are deductible. These fall in the category commonly identified as public charities. Foundations are included only as a source of private support to avoid elements of double counting. Foundations' fund earnings in 1974 in excess of grants in 1974 are therefore not included to avoid distortion of the operating and nonoperating revenue estimates. Moreover, to avoid distortion of the relative share of government funding in the private voluntary sector, the estimates do not include publicly controlled institutions (such as state universities) to which contributions are deductible by donors. Estimates are limited to privately controlled operating institutions to permit analysis of sources of support to such institutions.

Estimates of outlays of privately controlled institutions are made by four functional categories: health, education, religion, and all other, which includes welfare and culture. There is need for a further breakdown of the "all other" category, and such breakdown should be an important element of future measurement studies. The estimated outlays, both in the aggregate and for each of the above functional categories, are broken down by private and government source of funds. The outlays include operating expenses and capital outlays. Capital outlays are included largely because of the difficulty of separating capital and operating outlays and also to permit comparison with government expenditures which traditionally include current expensing of capital outlays. The sources of revenue include nonoperating revenues (mainly service charges and endowment income), operating revenues, private contributions, and government funds.

The outlays are analyzed both with religion included and with religion excluded. Because inclusion of religion, which is funded privately, inflates any overall measurement of relative private support, it is useful to look at outlays and funding of the privately controlled sector without religious institutions included.

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II

FINDINGS

Outlays

Total 1974 outlays of the privately controlled tax-exempt operating institutions were $80 billion. Exclusive of religious institution outlays, the outlays were $68 billion. (See Table 1.)

TABLE 1

Estimates of Revenue of Privately Controlled Institutions
by Source and Functional Area, 1974
(in billions of dollars)

		Source of Support			
	Total Revenues	Government[a]	Private		
Function			Total	Philanthropy[a]	Operating and Nonoperating Revenues[b]
Health	$37.5	$15.7	$21.8	$ 4.0	$17.8
Education	13.3	1.6	11.7	4.2[c]	7.5
Other[d] (welfare, culture, etc.)	17.3	5.9	11.4	5.4	6.0
Total (except religion)	68.1	23.2	44.9	13.6	31.3
Religion	12.5	—	12.5	11.7	0.8
Grand total	80.6	23.2	57.4	25.3	32.1

[a] Some who view charitable contributions as partially subsidized by foregone tax revenues would have a portion (perhaps $5 billion) subtracted from the $25.3 billion of private philanthropy and added to government funding. Others who do not view the deduction of charitable contributions as a government subsidy but as a logical reduction of income before computing taxable income would not support this adjustment.

[b] This includes service charges and endowment income used for current and capital outlays.

[c] Includes some allocations to publicly controlled institutions in higher education (perhaps $50 million).

[d] The "other" category is residual and may include organizations from which amounts are ultimately allocated to health, education, or religion.

Focusing on the $68 billion, about $2 out of every $10 was funded by private giving (from individuals, corporations, foundations). About $5 out of every $10 of those outlays were funded by service charges and earnings on endowments, and $3 out of every $10 were funded by government. (See Tables 2, 3, and 4.)

The $68 billion of outlays included $37 billion in health, $13 billion in education, and $17 billion in all other areas.

An analysis of these functional categories shows that only $1 out of every $10 of health outlays came from private philanthropy, compared with $3 out of every $10 of educational outlays. (See Table 4.) Service charges and endowment income accounted for roughly the same ratio in health and education: about $5 out of every $10 of outlays. Government was much more involved in funding health than in funding education: $4 out of every $10 of health outlays was derived from this source, compared with $1 out of every $10 of educational outlays.

Sources

Where does the philanthropic dollar go among these functions? A total of $25 billion was contributed in 1974. Almost half (46 percent) of it went to religion. Health and education received an almost equal share (16 percent and 17 percent, respectively), and all other functions got 21 percent. (See Table 2.)

TABLE 2

Percentage Distribution of Estimated Private and Government Support of Privately Controlled Institutions by Functional Area, 1974
(Total Revenues = $80.6 billion)

Function	Total Revenues	Source of Support: Government	Private: Total	Private: Philanthropy	Private: Operating and Nonoperating Revenues
Health	46%	68%	38%	16%	59%[a]
Education	17	7	20	17	23
Other (welfare, culture, etc.)	21	25	20	21	19
Total (except religion)	84	100	78	54	98
Religion	16	–	22	46	2
Grand total	100	100	100	100	100

[a] Figures do not add because of rounding.

TABLE 3

Percentage Distribution of Estimated Private and Government Support of Privately Controlled Institutions (Excluding Religious Institutions), by Functional Area, 1974
(Total Revenues = $68.1 billion)

Function	Total Revenues	Source of Support: Government	Private: Total	Private: Philanthropy	Private: Operating and Nonoperating Revenues
Health	55%	68%	49%	29%	57%
Education	20	7	26	31	24
Other (welfare, culture, etc.)	25	25	25	40	19
Total (except religion)	100	100	100	100	100

It is noteworthy that, overall, government puts almost as much in privately controlled institutions as does private philanthropy. Government funding was more than $23 billion in 1974. A major portion of these funds went to health, 68 percent. Only 7 percent went to education and 25 percent went to all other functions.

It is also noteworthy that substantially more funds come from self-support of privately controlled institutions than from either private philanthropy or government. More than $32 billion were obtained from service charges and endowment income, compared with the $25 billion from private philanthropy and the $23 billion from government. The health sector accounted for 55 percent of the $32 billion; education accounted for 23 percent, all other functions for 19 percent, and religion for 2 percent. (See Table 2.)

TABLE 4

Percentage Distribution of Estimated Private and Government Support of Privately Controlled Institutions Within Functional Area, 1974

	Function					
Source of Support	Health	Education	Other (welfare culture, etc.)	Total (except religion)	Religion	Grand Total
Government	42%	12%	34%	34%	—	29%
Private	58	88	66	66	100	71
Philanthropy	11	32	31	20	94	32
Operating and nonoperating revenues	47	56	35	46	6	39
Total revenues	100	100	100	100	100	100

III

MEASUREMENT CONCEPTS

The estimates presented here are primarily directed at indicating the monetary importance of the private charitable sector. To that extent the measures are similar in concept to those of the flow-of-funds accounts of the Federal Reserve System. It is useful to note briefly how this measurement differs from others utilized by economists. (Stephen Long provided assistance but the author is fully responsible for the conceptual discussion here.)

Three types of measures are feasible and useful: (1) value-added measures, (2) measures of total market goods and services purchased, and (3) flow-of-funds measures.

The measure of value added by the voluntary sector would be comparable to the accounting of private-for-profit firms in the national income accounts. It would exclude all purchases of goods and services from other firms and all transfer payments. The value-added component primarily includes labor services applied to the product by the accounting entity plus current services of capital (plus taxes in the for-profit firm). It is well known that such a measure, when aggregating entities in an economic sector, will exclude any double-counting of economic activity. The major use of the value-added measure is that it most closely approximates the contribution of a sector to final national product.

Exhibit A
A Privately Controlled Institution

Uses of funds

1. Purchased materials and services consumed

2. Factor payments:
   - a) Wages and salaries
   - b) Social Security contributions

3. Nonfactor charges:
   - a) Depreciation
   - b) Donations to others
   - c) Transfers to other institutions

Consider Exhibit A. The value-added measure would include items (2) and (3a). In items (3b) and (3c) the institution performs a function not unlike that of a financial intermediary (except that in this case the depositors – philanthropic givers or government – do not expect their funds to be returned). The output of the institution to be measured is the production services for its beneficiaries (valued net of the cost of materials and services purchased from other firms) and the administrative service of transferring funds from donors to recipients. To count the funds in (3c) for this institution and again as they move through to, say, a national hierarchy would result in significant double-counting. Transfers are common to a number of voluntary organizations including, for example, foundations, united funds, various health research funds, the Red Cross, and university alumni organizations.

A second measure of the size of the voluntary sector would include all market goods and services purchased, that is, the sum of primary factors and outputs of other firms. In Exhibit A, this would inlcude items (1), (2), and (3a). The usefulness of this measure, which is more inclusive than the value-added concept, would be its indication of the impacts of changes in demands for voluntary sector outputs on markets. For example, a decline in federal support for the space program will reduce the budgets of research operations in private nonprofit universities. These cuts will then have impacts not only on primary factors of production in universities but also on the private-market suppliers of materials and services to the universities. This second measure would give us an indication of the first round of the "multiplier effect" of increased or decreased demand for voluntary sector output.

The third type of measure, the total flow of funds, is useful to indicate the importance of any single entity. Such a measure would appear to be similar to the flow-of-funds accounts of the Federal Reserve System for financial intermediaries. It is this type of measure that is used in this report. In Exhibit A, this measure is the sum of items (1), (2), and (3). It indicates the volume of funds flowing through the organization in an accounting period, whether for actual output or simply "passed through" to individuals or other organizations.

Finally, this measure, which includes not only purchases on current account but increments to capital stock, is appropriate when comparing activities of voluntary sector institutions to those of the public sector in functions common to both sectors (education and health care, for example). Referring again to Exhibit A, such a measure would subtract item (3a) since the government makes no distinction between current output and changes on capital account.

It is clear, then, that different measures of the size and scope of the voluntary sector are appropriate for different kinds of comparisons. The estimates made for the Filer Commission should provoke thought about these different comparisons and stimulate the development of better data sources to facilitate more precise estimates.

IV

ESTIMATING METHODOLOGY

1. The *health* category outlays were obtained from Nancy Worthington at the Department of Health, Education and Welfare. She estimates that $23.5 billion of the $40.9 billion of hospital outlays were by privately controlled nonprofit institutions. She also estimates that $1.6 billion of the $7.5 nursing-home outlays were private nonprofit. In addition, she estimates that $12.4 billion of outlays were made by all other private nonprofit health institutions. The total outlays in the health category were $37.5 billion.

The sources of support of hospitals were also obtained from Nancy Worthington. Of the total $23.5 billion spent by private nonprofit hospitals, $13.7 billion came from private funds and $9.8 billion from government funds. In the absence of similar data, the nursing-home and other health outlays were distributed among private and government funding sources in the same proportion as for hospitals. These estimates were added to those of hospitals, giving a total of $21.8 billion in private support and $15.7 billion in government support in the health category.

The total $21.8 billion in private support was broken down into the $4 billion estimate of private philanthropy obtained from Professor Ralph Nelson's study for the Commission ("Private Giving in the American Economy: 1960-1972") and the residual $17.8 billion estimated as service charges and nonoperating revenues such as endowment income.

2. The total $13.3 billion outlays of privately controlled institutions in *education* represents the sum of estimated outlays of $9.9 billion for higher education and $3.4 billion for primary and secondary education. Higher education outlays were reported in the HEW Office of Education tabulation, "Financial Statistics of Institutions of Higher Education." Primary and secondary education outlays were reported in HEW's Social Security Bulletin, January, 1975, Table 8.

The estimates of private support ($8.3 billion) and government support ($1.6 billion) for higher education were also obtained from the Office of Education tabulation cited above. Professor Ralph Nelson made an estimate of $4 billion of private philanthropy going to higher education. The residual of private funding after subtracting the Nelson estimate provided an estimate of service charges and endowment income in higher education.

Little or no government funding goes to primary and secondary education outside of publicly operated institutions. Private funding ($3.4 billion) was reduced by the Nelson estimate of private philanthropy ($0.2 billion) to primary and secondary education, and the residual is assumed to be the estimate of service charges and endowment income.

3. The estimate of total *religious* outlays of $12.5 billion was obtained from the Commission's Interfaith Study, which also details sources of support.

4. The total outlays of $17.3 billion in the *all other* category was the residual after subtracting health, education, and religion outlays.

The $5.4 billion of private giving (philanthropy) to this category was the residual estimate after subtracting the respective estimates for health, education, and religion from the grand total of private philanthropic giving ($25.3 billion) estimated by Professor Nelson. Based on the assumption that the proportion of government funding in the "all other" category is the same as in the health and education categories combined ($17.3 billion or 34 percent of total outlays), the total government funding in the "all other" category amounts to $5.9 billion. This may overstate government support, but it is the best estimate that can be made with the available data. (Further research is very much needed here.) Subtracting the government funding of $5.9 billion from $17.3 billion of total outlays of "all other" provided an $11.4 billion estimate of private funding in this category. The $11.4 billion estimate of private funding was reduced by the Nelson residual estimate of $5.4 billion for philanthropic giving, providing an estimated $6.0 billion for service charges and endowment income in the "all other" category.

5. The sum of total government funding for the entire sector ($23.2 billion) was obtained by adding government funding estimates for education, health, and all other. The sum of total private philanthropy for the entire sector ($25.3 billion) and of service charges and endowment income ($32.1 billion) was obtained in the same way, but with the addition of religion. These two private funding estimates were added to provide total private support for the sector of $57.4 billion.

6. The grand total of all outlays was derived from an unpublished Internal Revenue tabulation of total income reported on all 990 returns by charitable institutions (exclusive of private foundations). The tabulation is preliminary, and there is an element of double-counting of outlays as well as undercounts for organizations not reporting or not required to report on 990 returns. This total amount, $70.5 billion, was adjusted upward by $12.5 billion of religious outlays, less $2.4 billion of religious outlays reported on 990's, to account for the nonreporting of religious institutions. This resulted in a total outlays estimate for the nonprofit sector of $80.6 billion.

FINANCIAL DATA FROM FORM 990 RETURNS FOR EXEMPT CHARITABLE, RELIGIOUS, AND EDUCATIONAL ORGANIZATIONS AND PRIVATE FOUNDATIONS

John Copeland †

Introduction

Form 990 returns, which must be filed by many of the organizations exempt under section 501(c) of the Internal Revenue Code, contain financial data on the charitable sector of our economy that have been tabulated only a few times in the more than 30 years that these returns have been required. For the past several years the Internal Revenue Service has entered on computer tapes certain items from the forms. This paper attempts to summarize this information for organizations exempt under section 501(c)(3). The data on number of returns, assets, and gross receipts are for returns filed up through the latter part of 1974, which means that the returns are generally for calendar year 1973 or for fiscal years ending the early part of 1974.[1] The additional details of income and expenditures provided here are estimates based on a tabulation of returns filed for calendar year 1972 and fiscal years ending in early 1973. (As explained later, the tabulations for 1972 contain many inaccuracies, but they were the only material available at the time this report was prepared.)

Coverage of Tabulations

Form 990 returns provide an incomplete picture of the number and scope of charitable, religious, and educational organizations, for several reasons. First, returns are not required to be filed by churches and their integrated auxiliaries, conventions or associations of churches, and the exclusively religious activities of any religious order. This exemption results in a significant data gap. We know that the number of parishes (over 300,000)[2] far exceeds the number of other 501(c)(3) organizations – at least those that file returns. Also, churches and religious organizations account for some 43 percent of the total charitable giving in the U.S. from all sources.[3] (Aside from the omission of churches per se, the exemption from filing for integrated auxiliaries of churches can extend to some organizations that one would ordinarily not recognize as a religious activity, for example, a hospital operated by a religious society.)

Second, 501(c)(3) organizations, other than private foundations, whose gross receipts in each taxable year are normally not more than $5,000 are not required to file returns. The IRS did ask these organizations to file a return for 1972 with a notation that their gross receipts did not exceed $5,000, so that it would have on record the reason for future nonfilings. Many organizations did comply, but the exact number of those who should have complied is not available.

Finally, the Form 990-PF returns for private foundations do not include nonexempt trusts with charitable interests. Some nonexempt trusts whose interests are entirely devoted to religious, charitable, and educational purposes[4] are taxed as private foundations. Trusts with both private and charitable beneficiaries (split-interest trusts) have some of the attributes of a private foundation, but are not

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Table 1

Summary Financial Data From Form 990 Returns for Private Foundations and Other Charitable, Religious, and Educational Organizations, 1973
(in thousands of dollars)

	Number of Returns	Assets at Year End	Gross Receipts				Total Expenditures	Excess of Receipts Over Expenditures	Tax on Investment Income
			Total[a]	Investment[b] Income	Contributions, Gifts, etc.	Members Dues			
Private foundations									
Nonoperating	26,657	$ 24,837,820	$ 3,114,801	$1,564,926	$ 789,669	$ 25,977			$63,512
Operating	1,161	1,716,624	358,048	82,206	108,748	1,593			4,685
Unclassified	1,437	690,786	194,617	34,639	96,396	1,487			1,455
Total	29,255	27,245,230	3,667,466	1,681,769	994,813	29,057	N.A.	N.A.	69,652
Other charitable, religious, educational organizations	90,125	$ 98,587,306	$57,059,309	N.A.	$12,886,165	$1,364,039	$50,652,502	$6,406,806	0
Totals	119,380	125,832,536	60,706,775	N.A.	13,880,978	1,393,096	N.A.	N.A.	69,652

Office of the Secretary of the Treasury
Office of Tax Analysis

August 12, 1975

Source: Special tabulation of Form 990 returns.

a. Gross receipts for foundations are understated because they include only "gross profits" from business activities.

b. Net investment income as computed under section 4940 of the Internal Revenue Code. Excludes municipal bond interest and includes capital gains on the basis set forth in section 4940.

axed as private foundations. Nonexempt trusts with charitable interests are required o file Form 1041-PF. These forms have not been analyzed, but about 8,000 are iled each year, and it is believed that there is considerable underfiling.

Despite the incompleteness of coverage, the tables presented here reflect the best vailable current Treasury data on section 501(c)(3) organizations. Large organizaions show a high degree of compliance with filing requirements, and it is expected hat they will account for most of the total amount of assets and receipts of 01(c)(3) organizations other than "religious" organizations which need not file eturns. Although smaller organizations have the lowest compliance in filing returns, heir assets and receipts account for only a small proportion of the total. The ompliance rate for private foundations would be expected to be high because of he extensive publicity given to the changes in the tax treatment of these organizaions by the 1969 Tax Reform Act.

I

SUMMARY OF TABULATIONS

Table 1 summarizes for 1973 the data on number of returns, assets, and receipts for private foundations and for other charitable, religious, and educational institutions. Of the total 119,380 returns, 29,255 were for foundations and 90,125 for other organizations. (The latter figure is an understatement because "group returns" are counted as a single return. Total year-end assets were $125.8 billion, with $27.2 billion (22 percent) reported by foundations and $98.6 billion (88 percent) by the other organizations. (The value of the assets represents ledger value. With the possible exception of some security holdings, the figures are unlikely to reflect current market value.)

Total receipts from all sources, including gifts and bequests, were $60.7 billion. This involves some double counting because many of the grants by private foundations would be reported as receipts by other charitable, religious, or educational organizations. Foundations accounted for $3.7 billion (6 percent) of the $60.7 billion received and other organizations for $57.1 billion (94 percent). Foundations account for a much smaller proportion of the aggregate receipts than of assets because most foundations are financed by gifts, bequests, and investment income while many of the other organizations (such as schools and hospitals) often have activities financed by fees and charges.

In the case of foundations, 73 percent of total receipts was derived from gifts and investment income. A comparative figure cannot be derived for the other 501(c)(3) organizations because of lack of data on their investment income. It should be noted that the relative importance of gifts and investment income for foundations is somewhat overstated because of the way Form 990-PF is set up. The form does not ask for receipts from business activities but for gross profit from business activities. This is gross receipts less "cost of goods sold" (the latter being an ill-defined term). In contrast, the gross receipts of the nonfoundation group of organizations is the total of receipts from all sources.

Organizations other than foundations had an excess of receipts over expenditures of $6.4 billion, which was equal to 11 percent of total receipts and 49.7 percent, or slightly less than half, of gifts and contributions. Expenditure data for foundations could not be computed because of tabulation errors.

Net investment income was tabulated only for foundations. (Net investment income is that reported for purposes of the 4 percent tax on investment income.[5]) The estimated net investment income for 1973 of $1.7 billion represented 6.2 percent of year-end assets. The tax on net investment income was estimated to be $69.7 million, or 4.1 percent of the net investment income,[6] which is quite close to the collection figure of $69.8 million reported by the Treasury for fiscal 1974. Although fiscal 1974 collections should have a fairly close correspondence to net

Table 2

Comparison of Data for Private Foundations from Treasury Study for 1962 and from 1973 Form 990-PF Returns

(in thousands of dollars)

Year	Number of Foundations	Assets	Gross Receipts	Total Expenditures	Excess of Receipts Over Expenditures	Investment Income (including capital gains)	Contributions, Gifts, etc.	Investment Income as Percent of Assets
1962	14,865	$11,648,000[a]	$1,898,000	$1,012,000	$886,000	$1,065,000	$833,000	9.1%
		16,262,000[b]						6.5
1973	29,255	27,245,230[c]	3,667,466			1,681,769[d]	994,813	6.2

Office of the Secretary of the Treasury
Office of Tax Analysis

August 12, 1975

Sources: 1962: Treasury Department Report on Private Foundations (February 2, 1965), pp. 79 - 80.
1973: Table 1, supra.

a. Ledger value, beginning of year.

b. Market value, beginning of year.

c. End of year

d. Net investment income as computed under sec. 4940 of the Internal Revenue Code. Excludes municipal bond interest and includes capital gains on the basis set forth in sec. 4940.

investment income tax based on income reported on the Form 990-PF returns tabulated,[7] it may in fact be no more than happenstance in view of the several data problems associated with the construction of the table.

Relationship of Foundation Data to Treasury Department Study for 1962

In 1965 the Treasury Department issued a study on foundations which contained financial data derived from a survey covering the year 1962.[8] The study was intended to represent the universe of some 15,000 foundations accounted for by a Foundation Library Center tabulation from Form 990 returns. As shown in Table 2, the more recent 1973 tabulation shows a much larger universe than that of 1962. The number of foundations is nearly twice as large, 29,255 as opposed to 14,865; and assets, using the ledger value for 1962, more than doubled, from $11.6 billion to $27.2 billion. If we use the market value of assets at the beginning of 1962, the overall increase in the 11-year period was less, from $16.3 billion to $27.2 billion. Total receipts increased by 93 percent, from $1.9 billion to $3.7 billion. Investment income (including capital gains) increased by 58 percent, which was less than the increase in assets if the market value of assets at the beginning of 1962 is taken as the base.

The one area that showed very little growth was gifts and contributions. They were estimated to be $833 million in 1962 and $995 million in 1973, an increase of less than 20 percent.

The first obvious question that arises when comparing the 1962 and 1973 data is whether the great increase in number of foundations is a true increase or represents undercounting for 1962. The most probable answer is that it represents some of both, plus the added factor of a difference in the definition of what constitutes a foundation.

First, it seems reasonable to assert that prior to the Tax Reform Act of 1969 there was some laxity by foundations in filing returns. The publicity accompanying the passage of this law, in addition to the enactment of a monetary penalty for nonfiling, should have rectified this situation. But we also know from the Treasury study that there was a veritable explosion in the establishment of private foundations between 1940 and 1960.[9] If the rate at which foundations were being established in the 1940s and 1950s had continued into the 1960s, practically all of the increase in numbers between 1962 and 1973 could have been accounted for by newly established foundations (assuming that the 1969 law did not result in the termination of many private foundations). Second, there is the matter of definition. The list of foundations maintained by the Foundation Library Center excludes organizations "which are restricted by charter solely to aiding one or several named institutions; or which function as endowments set up for special purposes within colleges, churches, or other organizations and are governed by the trustees of the parent institution."[10] Some of the organizations described in the first clause are private foundations under the 1969 law; their relative importance in the 1973 tabulation is unknown.

II

DISTRIBUTION OF ORGANIZATIONS BY ASSET SIZE

Table 3, which is based on Tables 4 and 5, summarizes the relative distribution of number of returns, assets, and receipts of foundations and other organizations by size of assets. Since some organizations neglected to fill out their balance sheets, it was necessary to include a "0" asset category. This accounted for 5.3 percent of the foundation returns and 14.7 of the other returns. Among foundations, those filing returns without balance sheets accounted for only 1.1 percent of total gross

Table 3

Distribution of Charitable, Religious, and Educational Organizations and Private Foundations by Size of Assets, 1973

Asset Size (in thousands)	Number of Returns		Assets		Gross Receipts	
	Other (c)(3) Organizations	Foundations	Other (c)(3) Organizations	Foundations	Other (c)(3) Organizations	Foundations
$ 0[a]	14.7%	5.3%	-%	-%	0.6%	1.1%
1 to 5	27.0	17.4	*	*	0.5	0.8
5 to 10	6.9	6.1	*	*	0.4	0.4
10 to 25	9.6	11.8	0.1	0.2	0.9	0.9
25 to 100	14.5	22.6	0.7	1.3	2.4	3.0
100 to 500	13.4	21.8	2.9	5.4	5.4	8.4
500 to 1,000	4.1	5.8	2.7	4.4	3.5	6.0
1,000 to 10,000	7.7	8.0	22.6	24.4	25.3	30.9
10,000 to 50,000	1.6	1.0	30.3	22.6	31.1	26.8
50,000 and over	0.3	0.2	40.7	41.5	29.8	21.8

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Source: Tables 4 and 5, infra.

a. "0" means that balance sheet was not filled out.

* Less than .05 percent.

Note: Columns will not add to 100 percent because of rounding.

receipts; the comparable figure for the nonfoundation category was 0.6 percent (this figure is understated because some organizations also failed to fill in the income statement).

Assuming that those organizations that did not complete balance sheets generally have low assets (say, under $10,000), we find that the distribution of all organizations by asset size is, as would be expected, weighted toward the low side in terms of number of units and toward the high side in terms of assets or gross receipts.

The under-$10,000 asset category includes about 49 percent of the nonfoundation units but only 29 percent of the foundation units. In spite of the wide publicity given as to the large asset holdings of major foundations, a greater percentage of nonfoundation than foundation units had assets of $10 million and over, 1.9 percent compared with 1.2 percent. (0.3 percent of the nonfoundations had assets of $50 million and over, against 0.2 percent of the foundations.)

Reported assets of units in the under-$10,000 size category are inconsequential in both groups. Looking at receipts, units of this size account for only 1.5 percent of total nonfoundation gross receipts and 2.3 percent of total foundation gross receipts. The concentration of assets and receipts at the upper end of the scale is greatest in the case of the nonfoundation group: 71 percent of the total reported assets of nonfoundations and 61 percent of the receipts are accounted for by units with assets of $10 million and over. For foundations, the respective figures are 64 percent and 49 percent. (One weakness of the tabulation is that the open-end asset class begins at $50 million, and in today's economy this prevents any real evaluation of the importance of the very large units.)

Tables 4 and 5 provide available data on receipts and expenditures by categories of asset size. (See Appendix for explanation of construction of Tables 4 and 5.) In Table 5, foundations are broken out as operating and nonoperating, with a further tabulation for foundations whose status had not yet been determined (most of the latter will undoubtedly be classified as nonoperating foundations).

Because of certain weaknesses in the original data, which will be explained later, the computations on various types of receipts and expenditures cannot be said to represent the actual situation in 1973. Keeping this in mind, it is possible to draw a few broad conclusions from the tabulations.

In the nonfoundation category, the relative importance of gifts, grants, and other contributions to gross receipts varies inversely with the size of the organization. At the highest asset levels ($10-million-and-over) gifts constituted less than 17 percent of gross receipts, but at the lowest levels (under-$10,000) the ratio was about 46 percent.[11] (See Table 4.) The larger organizations undoubtedly derived much of their income from charges and fees for goods and services. However, these figures were not tabulated.

A similar inverse relationship of gifts to gross receipts is found in the case of foundations. (See Table 5.) Among all foundations (operating, nonoperating, unclassified), the small ones (under $10,000 in assets) counted on gifts for some 61 percent of their gross receipts, while at the $10-million-and-over level, gifts were about 18 percent of gross receipts.

Investment income of foundations, as would be expected, is an important component of gross receipts. For total foundations, the ratio was 46 percent. Because the importance of gifts and contributions to gross receipts varies inversely with foundation size, the importance of investment income also tends to be correlated with size. For the under-$10,000 asset category, investment income was only 18 percent of gross receipts. At the $10-million-and-over asset level, it was 55 percent.

As shown in Table 4, organizations other than foundations, in the aggregate, reported an excess of receipts over expenditures equal to 11 percent of receipts. No size class reported an excess of expenditures over receipts, but the excess of receipts over expenditures did increase with size. For the under-$10,000 asset group, the

Table 4

Financial Data for Charitable, Religious, and Educational Organizations (Other Than Private Foundations) by Asset Size, 1973 (in thousands of dollars)

Asset Size (in thousands)	Number of Returns	Assets at Year End	Gross Receipts			
			Gross[b] Income	Members Dues and Assessments	Contributions, Gifts, etc.	Total
$ 0[a]	13,284	$ -	$ 193,395	$ 28,081	$ 143,387	$ 364,976
1 to 5	24,378	29,075	119,592	33,985	155,756	310,281
5 to 10	6,243	45,416	99,849	21,181	124,015	245,384
10 to 25	8,665	141,610	217,216	38,423	261,296	517,019
25 to 100	13,026	693,071	505,872	83,386	754,459	1,343,790
100 to 500	12,096	2,825,207	1,343,810	178,245	1,568,124	3,090,191
500 to 1,000	3,732	2,655,141	1,147,967	104,285	732,846	1,985,086
1,000 to 10,000	6,984	22,265,016	10,701,977	391,475	3,360,163	14,453,556
10,000 to 50,000	1,486	29,835,405	14,519,685	269,097	2,971,066	17,759,866
50,000 and over	231	40,097,365	13,958,211	215,881	2,815,053	16,989,162
Total	90,125	98,587,306	42,807,576	1,364,039	12,886,165	57,059,309

Asset Size (in thousands)	Expenditures				Excess of Gross Receipts Over Expenditures
	Cost of Goods Sold	Expenses Attributable to Gross Income	Disbursements for Exempt Purposes	Total	
$ 0	$ 21,848	$ 109,599	$ 214,998	$ 346,445	$ 18,529
1 to 5	12,629	88,045	206,884	308,000	2,280
5 to 10	10,609	78,198	144,970	233,839	11,545
10 to 25	39,549	123,633	337,315	500,619	16,400
25 to 100	80,048	347,567	866,792	1,294,492	49,298
100 to 500	174,260	822,291	1,782,725	2,779,312	310,879
500 to 1,000	141,979	587,208	1,002,308	1,731,473	253,613
1,000 to 10,000	1,383,119	5,229,022	5,928,719	12,540,859	1,912,697
10,000 to 50,000	3,604,258	5,778,297	7,339,531	16,722,050	1,037,816
50,000 and over	525,628	2,772,886	10,932,441	14,195,613	2,793,749
Total	5,993,907	15,936,726	28,736,683	50,652,502	6,406,806

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Source: Special tabulation of Form 990 Returns

a. "0" means balance sheet was not filled out. b. Includes receipts from all sources other than dues and gifts.

Table 8

Receipts of Private Foundations
by Asset Size, 1973
(in thousands of dollars)

Asset size[a] (in thousands)	Number of Returns	Assets at Year End	Gross Receipts				Investment Income[c]	Tax on Investment Income
			Gross[b] Income	Contributions, Gifts, etc.	Members Dues and Assessments	Total		
Nonoperating								
$ 0	1,373	$ 0	$ 16,140	$ 16,822	$ 123	$ 33,093	$ 8,587	$ 306
1 to 5	4,639	7,090	8,192	17,692	236	26,141	2,510	86
5 to 10	1,664	12,258	3,554	7,850	124	11,595	2,612	95
10 to 25	3,207	53,629	3,086	4,128	19,954	27,161	6,816	191
25 to 100	6,146	335,798	39,560	52,853	408	92,766	20,480	347
100 to 500	5,832	1,344,186	143,828	98,153	487	242,432	83,672	3,079
500 to 1,000	1,496	1,049,845	127,665	61,484	263	189,396	61,884	2,550
1,000 to 10,000	1,987	5,684,232	666,019	293,938	790	960,744	443,103	19,857
10,000 to 50,000	259	5,331,406	577,384	185,259	684	763,324	361,251	14,00[illegible]
50,000 and over	54	11,019,377	713,770	51,490	2,908	768,169	574,011	23,002
Total	26,657	24,8[illegible],820	2,299,206	789,669	25,977	3,114,801	1,564,926	63,512
Operating								
0	37	0	557	2,366	-	2,919	583	23
1 to 5	137	237	283	1,691	25	2,004	296	36
5 to 10	39	274	87	2,099	4	2,191	4	0
10 to 25	68	1,125	112	1,444	2	1,559	16	0
25 to 100	195	10,593	1,627	6,965	97	8,669	927	31
100 to 500	271	70,248	8,347	13,804	154	22,300	1,974	70
500 to 1,000	140	100,724	9,673	11,851	86	21,611	4,283	162
1,000 to 10,000	261	691,992	66,263	39,757	1,225	107,257	27,036	1,105
10,000 to 50,000	30	659,336	154,212	23,438	-	177,649	34,232	2,746
50,000 and over	3	182,095	6,534	5,353	-	11,887	12,855	514
Total	1,161	1,716,624	247,695	108,748	1,593	358,048	82,204	4,685

Table 8 (cont'd)

Receipts of Private Foundations
by Asset Size, 1973
(in thousands of dollars)

Asset Size[a] (in thousands)	Number of Returns	Assets at Year End	Gross receipts: Gross[b] Income	Gross receipts: Contributions, Gifts, etc.	Gross receipts: Members Dues and Assessments	Gross receipts: Total	Investment[c] Income	Tax on Investment Income
Unclassified								
$ 0	126	$ 0	$ 1,735	$ 1,126	$ 107	$ 2,970	$ 606	$ 23
1 to 5	318	432	1,238	576	13	1,776	198	6
5 to 10	75	553	166	303	7	468	23	*
10 to 25	177	2,891	1,125	1,538	68	2,703	155	*
25 to 100	278	15,193	2,733	5,077	516	8,327	815	19
100 to 500	286	64,801	24,629	16,935	272	41,835	2,936	102
500 to 1,000	64	45,673	6,921	3,719	307	10,672	1,766	68
1,000 to 10,000	103	282,348	50,244	15,648	187	66,083	23,567	1,063
10,000 to 50,000	8	168,350	8,239	33,135	30	61,403	4,595	196
50,000 and over	2	110,566	-	18,101	-	18,101	-	-
Total	1,437	690,786	97,530	96,396	1,687	196,617	34,639	1,455
Total								
$ 0	1,536	0	18,460	20,314	230	38,982	9,776	352
1 to 5	5,094	7,759	9,713	19,907	274	29,921	3,006	126
5 to 10	1,778	13,087	3,787	10,562	135	16,536	2,639	95
10 to 25	3,452	57,665	6,323	7,110	20,006	31,423	6,987	191
25 to 100	6,619	361,586	43,920	64,875	1,021	109,762	22,222	397
100 to 500	6,389	1,679,235	176,806	128,892	913	306,567	88,582	3,251
500 to 1,000	1,700	1,196,242	166,259	77,056	656	221,679	67,931	2,780
1,000 to 10,000	2,331	6,658,572	782,526	369,363	2,202	1,134,084	493,604	22,000
10,000 to 50,000	297	6,159,090	739,835	241,832	714	982,376	600,078	16,964
50,000 and over	59	11,312,016	720,306	76,966	2,908	798,157	586,866	23,516
Total	29,255	27,265,230	2,643,911	996,813	29,057	3,667,466	1,601,769	69,652

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Office of Tax Analysis

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Source: Special tabulation of Form 990-PF returns

a. "0" means balance sheet was not filled out.

b. Includes receipts from all sources other than dues and gifts. Understated because only "gross profits" from business activities are included.

c. Net investment income as computed under sec. 4940 of the Internal Revenue Code. Excludes municipal bond interest and includes capital gains on the basis set forth in sec. 4940.

* Less than $500

excess was only 3.5 percent of receipts. The largest categories, over $10 million in assets, retained 11 percent of receipts, the average for all units. Some of the middle-sized categories thus retained more than the average; for example, the $1-million-to-$10-million category retained 13 percent.

Appendix

Construction of Tables 4 and 5

Information from 1973 returns was available for number of returns, assets, and gross receipts classified by size of assets. Foundations were divided into operating, nonoperating, and unclassified. In the case of nonfoundation returns, the tabulations covered only those returns showing assets of $5,000 or more.

To fill in the other receipt and expenditure items shown in the tables, recourse was had to a tabulation of 1972 returns by asset-size classes. The reconstruction of the sources of receipts (except investment income) and types of expenditures for 1973 was made by applying to the 1973 total receipts figures in each size class the ratio of these items to total receipts in 1972.

Investment income for foundations was derived by applying to 1973 asset figures the rate of return on assets by size classes in 1972 returns; investment income tax was computed by applying to the investment income computed for 1973 the effective rate of tax shown in 1972.

Reconstructing the under-$5,000 and "0"-asset categories for nonfoundations for 1973 was done by taking the 1972 data for number of returns, assets, and gross receipts for these size categories as a percent of the total of these items for the 1972 data, exclusive of these two size categories. The ratios were then applied to the 1973 data to estimate the "0" and under-$5,000 asset categories not tabulated for 1973.

The question then is, How good are the estimates derived? Since there was only a one-year lag between the two sets of returns, it is unlikely that the relative size distribution of returns, assets, and gross receipts would have varied too greatly. The overall relative importance of sources of income and the distribution of expenses is not likely to have varied greatly either.

The real problems in using the 1972 tabulations to reconstruct details of receipts and expenses and investment income for 1973 are twofold. In the first place, the 1972 data were not checked after being punched. Looking at the computer printouts, one can spot a few figures that are so clearly internally inconsistent that they have to be wrong. Where it was apparent that the keypuncher added or subtracted a digit at the beginning of a number, the figures were corrected. In other cases, the figures were used as shown in the printout because even though undoubtedly wrong, there was no way of deciding what the correct answer was. One highly questionable figure that was not changed is that for dues and assessments for nonoperating foundations in the $10,000-to-$25,000 asset class. The figure for gifts in the $100,000-to-$500,000 asset class of nonfoundations is even more suspect.

While, as stated earlier, the estimates of investment income and the tax on investment income are consistent with the reported figures on collection from this tax, this statement applies only to the totals. Looking at the figures for the three subcategories of foundations by asset classes, one immediately notes obviously questionable figures. Some effective rates of tax differ considerably from the flat 4 percent rate, and some rates of return on assets appear unrealistic. Fortunately, those aberrations are concentrated in size categories that have little weight in the aggregate.

Another question that deserves consideration is the use of the computed rate of return on 1972 assets to estimate 1973 investment income. If the asset figures represent current market value at the end of the year, the use of the rate of return computed from 1972 investment income and year-end 1972 assets should result in too low an investment income estimate for 1973. Interest rates and dividend yields were somewhat lower in 1972 than in 1973 and security prices were higher.[*] Stock prices, particularly, declined sharply from the end of 1972 to the end of 1973. On the other hand, the asset figures could be ledger values that were not adjusted to market changes. In this case, the estimate for 1973 could not be very far off.

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[*] See data in *Statistical Abstract of the United States, 1974*, p. 465

One further comment as to the validity of the 1972 data: Because of a mixup in instructions, the 1972 data do not represent a single count of each return. Each organization filing Form 990 or 990-PF was asked to list on its return its principal activities, up to a maximum of three. All returns were identified as to activities listed, and each return was tabulated once for each activity listed. Thus, a return could receive a weight of 1, 2, or 3. If all, or practically all, of the returns received a weight of 1, 2, or 3, then the percentages computed are correct, or nearly so. If among the larger units there was a distribution of returns with 1, 2, or 3 activity notations, then the weights are incorrect and the percentages computed therefrom are out of line.

What can be said as to the possibility that the multiple counting procedure did not unduly distort the ratios computed from the 1972 data? The only clues are in the estimates for 1973 for gifts and contributions to all 501(c)(3) organizations and the investment income of foundations. The gift and contribution figure (taking into consideration the fact that double counting is involved in our tabulations) is not inconsistent with the estimates by the American Association of Fund-Raising Counsel, Inc., and the investment income figure is consistent with the investment tax collection figures.

Spheres of Interest

The multiple counting of returns just described arose from the attempt to determine in what areas 501(c)(3) organizations were operating and the magnitude of their operations in these fields. In order to do so, separate tabulations were run for activity codes noted on a return. Not all activities were run, only certain selected ones; but if a return indicated that the organization operated a school and also ran a hospital, its data not only were entered in the separate runs for schools and hospitals but, because of a misinterpretation of the instructions, were tabulated twice in the "total." The effect of this multiple counting can be seen by comparing the 1972 and 1973 figures for foundations where we have full coverage for both years:

	1972	1973
Number of returns	44,957	29,255
Assets	$39,478,896,000	$27,245,230,000
Gross receipts	$ 9,145,665,000	$ 3,667,466,000

The value of the tabulations by activity codes is so questionable that the results are not presented here. For one thing, it is understood that the majority of foundations listed their sole function as that of making "gifts, grants, or loans to other organizations." This notation is obviously of no help in trying to determine whether grants went for education, health, or some other field. Even where more definite activities were indicated, we have no way of knowing the percentage of an organization's expenditures going to a given class of activity. To take the school and hospital example again: all of an organizations' assets, receipts, and expenditures would be entered under both activities, even though 90 percent might be attributable to the hospital and 10 percent to the school.

Footnotes

1. There could also be some delinquent returns for prior periods.

2. *Statistical Abstract of the United States, 1974,* p. 46.

3. American Association of Fund-Raising Counsel, Inc., *Giving USA,* 1975, p. 7.

4. Characterized as "charitable trusts" in section 4947 (a)(1) of the Internal Revenue Code.

5. Taxable investment income does not include interest on tax-exempt bonds. It would be expected that foundations would hold few such securities. The capital gains element reported on the form is less than actual gains.

6. As will be shown later, actual effective rates for subdivisions of the total vary inexplicably from the 4 percent rate.

7. This is said with some reservation. The tax on investment income of sec. 4947 (a)(1) charitable (taxable) trusts is included in the collection figure. Because of the way the tax is to be computed for such trusts, the investment income tax could be very small. However, on Form 1041-PF the tax computation is incorrect and, if followed, leads to a larger tax than that required by law.

8. *Treasury Department Report on Private Foundations*, February 2, 1965.

9. Ibid., p. 76.

10. Ibid., p. 77.

11. The extraordinarily large figure for "gifts" in the $100-to-$500 asset class undoubtedly is a transcribing error.

RESULTS FROM TWO NATIONAL SURVEYS OF PHILANTHROPIC ACTIVITY

James N. Morgan[†], Richard F. Dye[*], Judith H. Hybels[*]

Introduction

Background

This report analyzes data from two national sample surveys of philanthropy undertaken by the Survey Research Center of the Institute for Social Research at The University of Michigan with the sponsorship of the Commission on Private Philanthropy and Public Needs. The concern of the commission was to study the effect of tax and foundation laws on charitable giving and to gain a better understanding of giving in general.

Giving to others, particularly the giving of money, tends to be concentrated among persons with higher incomes, and many of the critical questions about changes in the law appear to be relevant mostly to those with the highest incomes. Hence, both surveys oversample those with higher incomes. The Survey Research Center sample oversampled higher-income areas and then eliminated a fraction of the younger or less educated people. This sample resulted in 1,892 responses.

The second sample was drawn, with careful attention to complete confidentiality, with the cooperation of the Internal Revenue Service. Those 1,025 respondents were interviewed by the United States Census Bureau using a questionnaire almost identical to that used by the center in its survey. The questionnaire was designed by the Survey Research Center with participation and counsel of the Census Bureau and the Office of Management and Budget. After careful deletion by I.R.S. and the Census Bureau of any information that might have identified individuals—including changing any amounts over $10,000 to interval designations—the protocols were sent to Ann Arbor, Michigan, for processing. (A description of both samples and response rates is contained in Appendix I.)

The strategy of the interview was to approach philanthropy from a number of different directions, with an emphasis on past, present, and future giving, on expressed reasons for giving, and on reports on situations and related behavior that might help explain giving of time and money. (See Appendix IV for a detailed description of the questionnaire and a tabulation of the responses.) We began by asking about amounts of time given in volunteer work, and followed with questions about gifts of money and property. To avoid embarrassment for the respondent, details of giving and related attitudes were asked only of those who reported giving at least $100. Questions on income and assets requested only the minimal necessary detail.

We asked directly about actual effects of changes in deductibility on gifts for the few who had started or stopped itemizing and about expected effects for everyone. In spite of the dangers of questions of the "iffy" sort, we asked about potential responses to several changes in the tax laws relating to contributions; for those with substantial assets, to changes in the tax laws relating to bequests. For the few (even in the Census sample) with foundations, we asked about the effects of the recent changes in the law with regard to foundations.

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We did not attempt to measure general attitudes toward altruism, charity, or poverty. It did not seem a crucial part of the task to show that those who share their time and money have more sympathy toward the donees or more benevolent personalities than those who do not give. What we do have is their own expressed reasons for giving, their reasons for past or planned changes, their involvement with directing or making policy for the organizations to which they donate. We can, by correlation analysis, attempt to indicate the importance of ability to give (income, assets, number of dependents, and tax deductibility of charitable gifts). (See Chapter IV for a summary of the findings.)

Previous Studies

There had been no full-scale national surveys of philanthropy prior to this study. The Consumer Expenditure Surveys of the Bureau of Labor Statistics generally include "contributions" as a category.[1] Two rather specialized studies of large givers focused on reactions to tax laws.[2] In the course of studying well-being and its intergenerational aspects, the Survey Research Center in 1960 asked about gifts to friends and relatives, to churches or religious organizations, and to other organizations "like Community Chest, schools, cancer or heart associations, and so forth."[3] A 1965 Survey Research Center study, *Productive Americans*, asked about time spent doing "volunteer work without pay such as work for church or charity, or helping relatives."[4]

In the spring of 1973 the Office of Tax Analysis of the United States Treasury asked us to do a small study of the giving of itemizers and those who did not itemize their deductions.[5] With the relatively small sample and no overrepresentation of the upper-income groups, the Treasury study could not distinguish among those with widely differing marginal tax rates; but it could look at those who were itemizing their deductions compared to those who were not. Income, home ownership, and family size largely determined whether it paid to itemize, and income and itemization status largely determined whether the household gave and how much it gave. Indeed, itemization seemed primarily to affect whether the household gave at all. Only at incomes above $10,000 did it affect the amounts givers gave to religious organizations, and only at incomes above $25,000 did it affect the amounts givers gave to non-religious charities. But as Martin Feldstein pointed out to us, the combination of differences in "whether" and "how much" lead to estimates of substantial "price elasticities" of giving. The Treasury study also showed substantial differences in the age pattern of giving between religious and other donees.

Finally, to provide an extensive pretest and some early indications of responses to changed standard deductions, the Filer Commission funded a small national survey in October, 1973, repeating the questions of the Treasury study and adding some questions to cover gifts of time and money, itemization and changes in itemization, and the perceived effects of the latter.[6]

When asked general reasons for recent past changes in giving, almost no one mentioned tax considerations. Among the families who had stopped itemizing, only 7.5 percent of them said that the change had affected the amount they contributed to charity. On the other hand, just as in the larger study reported here, many (43 percent) felt that people in general would give less without the tax incentive of deductibility, and a substantial minority (26 percent) felt that people like them (in the same financial situation) would give less. At incomes of $25,000 and more, nearly half of the respondents felt that families in financial situations like theirs would give less without deductibility.

The October data on actual giving also showed substantial effects of tax deductibility (itemization). Once again the effect was greatest on whether the family gave at all, but among the givers, itemizers also gave more. Adjustments for spurious correlation through age and income differences between itemizers and non-itemizers (and non-filers) reduced the apparent effects but did not erase them. Additional adjustments for differences in education, family size, occupation, race, home ownership, and marital status reduced the differences to the borderline of significance, but such adjustments involve over-correction. In any case, the remaining differences still indicated that itemization was associated with greater giving.

These data also indicated what we find in the present study—that itemizers also give more time. This would indicate that time and money go together since gifts of time are "tax-exempt" regardless of itemization status. That is, if one had spent the time to earn money and given the money, the result would have been the same as giving time, provided the money gift could have been itemized. Actually, itemizing was mostly associated with whether time was given at all rather than with the amount given.

We have not attempted to pool the data from these two 1973 studies with the current study because the questions were less complete and because the interviews were taken with a random selection of adults rather than with household heads, who can be expected to report financial matters somewhat more freely and accurately.

None of these studies asked much detail about giving, about information about tax laws, nor about the giving of both money and time (in the same interview). Also, none of them provided an adequate sample of upper-income families. Indeed, the 1960 Survey Research Center study oversampled the lower end of the income distribution because of its interest in poverty.

There has, of course, been a lot of research on altruism using experiments or studies of organized groups and a good deal of historical discussion of the development of philanthropy in the United States.[7] There has even been a recent attempt by one of the founders of the Society for the Study of the Grants Economy, Kenneth Boulding, to develop a theoretical structure within economics to handle philanthropy and other transfers, as well as coercive redistributions by war, taxes, robbery, and extortion.[8] There is, however, no neat equilibrium or set of maximization rules that can handle factors such as gifts, taxes, theft, and war. Nor will this study attempt one. Our purpose is to find out who gives what to whom and to add several kinds of evidence as to why.

There have been studies of voluntarism, but the only national sample surveys of volunteer time in addition to *Productive Americans* were two that were done by the United States Census Bureau, the first in 1965 for the Department of Labor and the second in 1974 for ACTION.[9]

I

AN OVERVIEW OF GIVING

We look first at the amounts of money and time given by individuals in the United States in 1973, leaving to later chapters a more systematic study of the effects of tax policy on giving and an assessment of other motives and competing goals.

Estimates of Aggregate Philanthropy

While sample surveys are best used to look at distributions and intercorrelations, we have made some estimates of the aggregate amounts of time and money given to religious and charitable organizations and its distribution among income groups and by type of donee. Estimates of the numbers of millions of households at each income level were derived from Census Bureau data, with the proportional distribution above $20,000 from Internal Revenue Service publications. These estimates of the total number of households represented were then used to inflate reports of average giving at each income level from the two surveys. There are a number of ways to do this, but we regard the best aggregate estimate to be $26 billion. (See Appendix II for details of the estimation procedures.)

We can, using a similar procedure, also estimate the aggregate hours of time donated to religious or charitable organizations by husbands (or single heads) and by wives: it comes to some 3.2 billion hours by husbands or single heads and another 2.7 billion hours by wives.

By using average hourly earnings of husbands (or single heads) and wives from a different survey for each age-and-education group, we can translate the hours into aggregate values. Valued at what the same individuals could be earning at work, it appears that husbands and single heads are adding $19 billion and wives $10 billion to the value of philanthropic activity in the United States, an aggregate contribution of time roughly equal to the value of household contributions of money and property.

In looking at averages or aggregates, one must keep in mind that while the vast majority of households (88 percent) make some money contributions, only a third (32 percent) of family heads report giving time. And while 45 percent of the wives give time, only 69 percent of the households have a wife present. Household heads who do give time report an average of 147 hours a year, while the 30 percent of households with a wife who gives time report that she gives an average of 129 hours a year. Even among givers of money or time, the averages conceal large disparities, including a few very large givers. (In addition, another five billion hours were reported as spent helping *individuals* outside the household [see Chapter II, p. 185 for details]. And the out-of-pocket costs reported for wives who did volunteer work for organizations amounted to another $760 million. We did not ask the husbands for their expenses.)

Gifts of Money and Property

Our best estimates of the averages in each income class are given in Table 1, together with the number of interviews on which they are based and the outside estimate of the percent of all households in each income group. (These averages use amounts reported as deducted by itemizers who could remember, otherwise they are amounts reported as given.) All three averages go up systematically with income except wives' volunteer time at very high income levels.

If we estimate the average income within each income class and the respondents' tax deduction from giving, we derive Figure 1, showing the percent of income before and after the tax benefits. The net after-tax giving as a percentage of income rises only slightly with income.

Upper-income households give more absolutely and more even in relation to income, but they are a small portion of all households. The result is that the bulk of aggregate giving comes from households with moderate incomes. Table 2 shows the percentage of all households in each income group and the percentage of the aggregate dollars of giving that comes from that group. More than half of the total giving comes from households with incomes between $10,000 and $30,000, and they are nearly half of all the households in the country. Below $10,000 we have 48 percent of the households but only 16 percent of the giving. Above $30,000 we have less than 4 percent of the households but 29 percent of the giving.

Giving is not equally divided *within* income groups either. When we ignore income levels and look at small and large givers, we find that a substantial fraction of the aggregate giving comes from households that are serious but not very large

Table 1

Average Giving in 1973 Per Household to Charitable and Religious Organizations, By Household Income Level (includes zero givers)

Income Level	Average Giving	Hours of Time Given		Number of Interviews in Combined Sample[a]	Percent of All Households
		Head	Wife (if a wife)		
Less than $4,000	$ 75	23	23	211	16%
$4,000-7,999	122	21	19	277	19
$8,000-9,999	208	56	41	216	13
$10,000-14,999	327	44	67	485	23
$15,000-19,999	523	55	54	332	16
$20,000-29,999	720	97	70	339	9
$30,000-49,999	1,455	81	125	216	3
$50,000-99,999	5,552	108	150	284	1
$100,000-199,999	16,988	131	128	217	0[b]
$200,000-499,999	38,950	158	110	114	0
$500,000 or more	70,501	229	167	44	0
All	$ 459	47	55	2,735	100%

a. Excluding those who refused income or amount of giving.
b. Here and in other tables we have rounded percentages less than .5 to zero.

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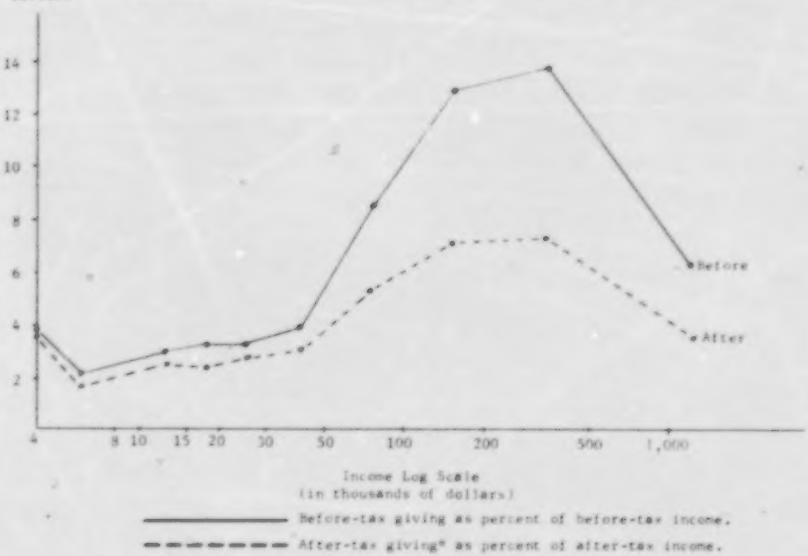
Figure 1

Giving as a Percent of Income: Before and After Tax Deduction



*Gross giving × (1 - marginal tax rate)

NOTE: The apparent downturns at incomes over $500,000 should be viewed with caution as the small number of observations, possible measurement errors, and extreme sensitivity to the mean income figure used as base all combine to make the estimates unreliable.

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Table 2

Shares of Giving and Percentages of All Households, By 1973 Total Household Income

1973 Total Household Income	Percent of Households With That Income[a]	Percent of Aggregate Giving
Less than $4,000	16%	2%
$4,000 - 7,999	19	4
$8,000 - 9,999	13	10
$10,000 - 15,999	21	20
$15,000 - 19,999	16	18
$20,000 - 29,999	10	17
$30,000 - 49,999	5	8
$50,000 - 99,999	0.67	11
$100,000 - 199,999	0.13	6
$200,000 - 499,999	0.03	3
$500,000 or more	0.005	1
	100.835%	100%
Aggregates	69 million households	$25.7 billion in giving

a. Based on Current Population Survey estimates of households under $50,000, 1972 Statistics of Income estimates of tax returns $50,000 and over. See Appendix II.

Table 3

Shares of Giving and Percentages of All Households, By Amount of Giving

Amount Given In 1973	Percent of Households[a]	Percent of Aggregate Giving
Nothing	12.2%	0.0%
Less than $100	36.5	4.6
$100 - 499	30.8	18.5
$500 - 999	11.7	19.0
$1,000 - 4,999	8.2	35.0
$5,000 - 49,999	0.6	14.5
$50,000 - 99,999	0.0	3.0
$100,000 or more	0.0	5.6
	100.0%	100.2%

a. Using revised estimate of number of housholds with incomes over $50,000. (See Appendix II) givers. (See Table 3) More than a third of the aggregate comes from the 43 percent of the households giving between $100 and $1,000 a year. But another quarter comes from the less than 1 percent of the households who each give $5,000 or more in a year (the remaining 35 percent of giving came from the $1,000 to $4,999 group).

Thus, the inequality in amounts given because of differences in income is compounded by inequality in amounts given by people with similar incomes. This may account for the popular perception of extreme concentration of giving. At the same time there are substantial amounts given in the aggregate by people of modest incomes.

Table 4

Giving by Education: Averages and Adjusted Averages[a]

Education of Husband (or Single Head)	Average Giving	Average Giving Adjusted For Income and Age	Number of Cases	Percent of Families
Less than 7 years	$ 162	$ 303	87	8%
7-8 years	245	360	144	13
9-11 years	255	419	241	19
12 or more (no college degree)	435	482	1,088	41
AA or 2-year degree	525	572	98	3
BA, BS degree	924	598	601	10
Advanced degree	1,248	663	463	6
All	$459		2,722	100%

a. Adjusted by multiple regression for disproportionate distributions of income and age in different education groups.

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Giving can also be expected to depend on education, for a variety of reasons, ranging from the greater income security and stability of the well-educated to their greater feeling of social responsibility (or debt to society). We must adjust for the different current incomes of those with different education, however, and Table 4 gives both the average giving and an adjusted average, taking account of the different average income and age levels of people in the education classes. (The better educated are younger, because of historic trends toward more education.) Even after the adjustment (by regression equation using categorical variables), there appears to be some tendency for the better educated to give more.

Giving also increases with age, for many reasons impossible to sort out. The pessimistic interpretation would be that each new "younger" generation is less altruistic than the previous one, or that the proximity of eternal judgment motivates the aged. But people may have fewer economic responsibilities and uncertainties as they get older and more assets and accumulated rights. In any case, giving goes up with age, particularly after adjustments for income and education, as one can see in Table 5. We shall see later that people give *less* time as they get older and that the only way in which time and money seem to be genuine alternatives in giving is in this changing pattern over time.

Table 5

Giving by Age Groups: Averages and Adjusted Averages[a]

Age	Average Giving	Average Giving Adjusted for Income and Education	Number of Cases	Percent of Households
18-21	$ 60	$309	85	9%
25-34	199	261	533	21
35-44	630	351	492	17
45-54	558	422	612	19
55-64	692	558	569	17
65-74	590	702	318	12
75 or older	762	979	126	5
All	$459		2,735	100%

a. Adjusted by multiple regression for different distributions of income and education within age groups.

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Table 6

Percent of All Households and of Aggregate Giving By Income Tax Status

	Percent of Households	Percent of Giving	Number of Interviews
Itemized	50%	86%	1,894
Filed a return, but did not itemize	37	12	680
Did not file	13	2	158
All	100%	100%	2,732

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Most of the aggregate dollar giving is by people who file tax returns and itemize deductions, because those people have higher incomes and therefore are giving more on the average than others (even in the same income class). (See Table 6)

Gifts by Donee

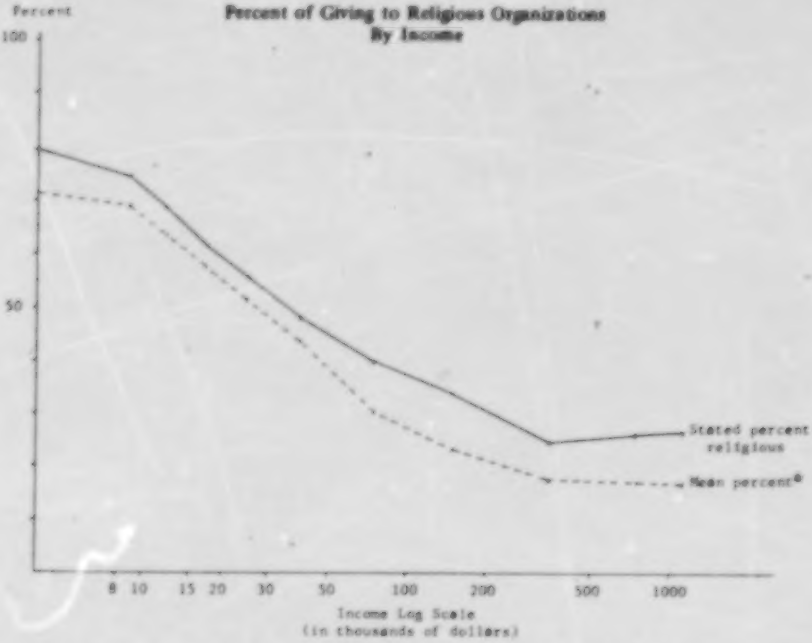
We have two ways of assessing the distribution of giving by type of donee. For each of the respondents' four major gifts, we asked about the donee. At the end of the sequence, we asked:

> Of the total, about how much, or what percent, went to a church or religious organization?

It is clear from both these measures that the proportion of giving that is religious drops as income rises. (See Figure 2) This decline from three quarters at incomes under $4,000 to one quarter at incomes over $500,000 is partly caused by individuals giving to more and more organizations as income rises.

Figure 2

Percent of Giving to Religious Organizations By Income



a. Average over all individuals in income class of $\frac{\text{major religious gifts}}{\text{total giving}}$

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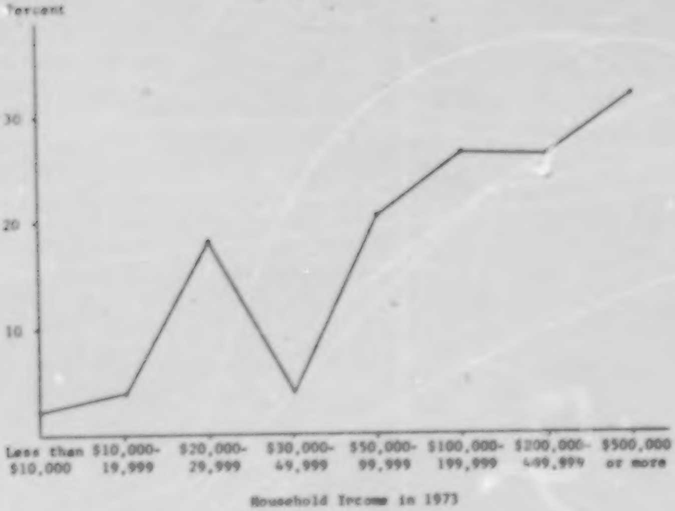
We return later to the *form* of the gift, since giving appreciated property is a tax-related behavior. In general, gifts of property account for only a small fraction of total giving even at upper-income levels. Giving through foundations or trusts or as bequests at death may of course be more likely to involve property. We only asked the form for the 4 largest gifts; but assuming that the small gifts were cash, only 13 percent of aggregate giving involved property, and some of that was *depreciated* (used clothing, furniture, appliances) rather than appreciated. Indeed,

Figure 3

Percent of Total Giving in the Form of Property By Income[a]



a. Assumes all property gifts are in the first four gifts for which we have detail as to the form of the gift.

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Table 7

Volunteer Hours Giving by Head and Wife, by Income (includes zero givers)

Family Income in 1973	Average Hours per Family		Share of Aggregate Hours		Share of Aggregate Value of Time Given		Percent of Households
	Head	Wife[a]	Head	Head and Wife	Head	Head and Wife	
Less than $4,000	23	23	8%	6%	7%	6%	16%
$4,000-7,999	21	19	8	7	7	6	19
$8,000-9,999	56	41	15	12	13	11	13
$10,000-14,999	66	67	21	26	21	23	23
$15,000-19,999	55	56	19	22	18	20	16
$20,000-29,999	93	70	19	17	22	20	9
$30,000-49,999	81	125	6	8	7	9	3
$50,000-99,999	108	150	3	3	6	6	1
$100,000-199,999	131	128	1	1	1	1	0
$200,000-499,999	159	110	0	0	0	0	0
$500,000 or more	229	167	0	0	0	0	0
All incomes	67	55	100%	100%	100%	100%	100%

a. Average of families with a wife.

MTR 198 for means, interpolation, 191 for aggregates.

below incomes of $30,000 a year most of the property given was not appreciated in value. Only at incomes over $50,000 a year was more than a fifth of the giving in the form of property, and even over $500,000 it is not as much as a third of the aggregate giving. (See Figure 3)

Time Given to Charitable and Religious Organizations

The nearly 6 billion hours given in free time to charitable and religious organizations comes from an average of 47 hours a year by husbands and single heads, plus an average 38 hours from wives for a total of 85 hours per year per household. (Omitting households without a wife, the average number of hours given by wives is 55 per year.) Since the average volunteer time per household does not increase with income so dramatically as dollar giving does, a larger fraction of the aggregate volunteer work comes from lower-income families: nearly half of it comes from families with incomes under $15,000 a year. (See Table 7)

We return later to details of the kinds of work and the kinds of organizations helped and by what kinds of people. One important fact affecting the total *value* of the time given is the fact that people with more education give more time, and their time is presumably more productive. At least the "opportunity cost" of their time in terms of their wage rate on the job is higher. When we use the average hourly earnings of people with the same age and education to assign values to each volunteer's time, we find that highly educated people give a disproportionate fraction of the aggregate time and a still more disproportionate fraction of its aggregate value. (See Tables 8 and 9) (See Appendix II for details on estimating hourly earnings, aggregate hours, and aggregate value of time.)

Table 8
Volunteer Hours and Their Value Given by Husbands or Single Household Heads, by Education

Education of Husband or Single Head	Average Hours	Share of Aggregate Hours	Share of Aggregate Value of Time Given	Percent of Households
Less than high school	25	22%	15%	40%
High school	46	44	40	44
College degree	90	20	26	10
Advanced degree	118	16	19	6
All	47	100%	100%	100%
Aggregates	69 million households	3.2 billion hours	$19 billion dollars	

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We also asked people what they felt their volunteer time was worth in terms of what the organization might have to pay to get the work done, but it appears that husbands may overrate their own time's value and underrate their wives' time. We did not try to value each individual's time by what he was currently earning, since some individuals are retired and others have extremely large current salaries.

When we return to Table 7 after applying values to heads' and wives' time according to their age and education, we see that the concentration at lower-income levels is only slightly reduced. If we think of two aggregates – time and money – being contributed to religious and charitable organizations, the bulk of the money

Table 9

Volunteer Hours and Their Value Given by Wives, By Education of Wife

Education of Wife	Average Hours Per Wife	Share of Aggregate Hours of Time Given by Wives	Share of Aggregate Value of Time Given by Wives	Percent of Families (Households with Married Couple)
Less than high school	41	28%	28%	37%
High school	56	44	40	45
College degree	81	17	19	11
Advanced degree	92	11	13	7
All	55	100%	100%	100%
Aggregates	48 million wives	2.7 billion hours	$10 billion dollars	

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Table 10

Volunteer Hours Given by Heads and Wives, By Age of Head

Age of Head	Husband or Single Head			Both Husband and Wife		
	Average Hours Per Household	Share of Aggregate		Average Hours Per Household[a]	Share of Aggregate	
		Hours	Value of Hours		Hours	Value of Hours
Under 35	38	24%	21%	58	20%	19%
35-44	74	28	31	132	27	29
45-54	60	19	23	92	21	23
55-64	46	17	17	96	18	19
65-74	55	9	6	63	9	7
75 or older	27	3	2	60	4	3
All	67	100%	100%	[illegible]	100%	100%

a. Including households with no wife.

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comes from moderate-income groups, and the bulk of time, even in value terms, from slightly lower income groups.

Again, given an interest in longer term trends of giving, as well as lifetime patterns, it is useful to look at the age distribution of volunteer work. Table 10 shows that instead of increasing with age as money giving does (particularly if one takes account of income levels), the giving of time tends to peak in the middle of the family life cycle and then falls off. The shares of aggregate *value* of time peak even more in the middle years because the opportunity cost in terms of earnings is greater for those people.

If volunteer time is *less* concentrated in the upper income and age groups than the giving of money, it is considerably *more* concentrated within each income group because far more families give none at all, and there are some who give very large

Table 11

Distribution of Time Given by Husbands or Single Household Heads, By Income Level

1973 Total Family Income	Number of Hours						
	None	1-49	50-99	100-199	200-499	500 or More	Amount Not Ascertained
Less than $10,000	78%	9%	3%	5%	3%	1%	1%
$10,000-19,999	64	16	5	6	7	2	2
$20,000-29,999	50	15	8	7	10	5	5
$30,000-49,999	50	16	11	8	10	3	6
$50,000-99,999	45	11	12	11	12	5	6
$100,000-199,999	37	14	11	14	13	8	3
$200,000-499,999	32	14	9	17	13	7	8
$500,000 or more	26	14	9	20	15	14	2
All Incomes	68%	12%	5%	6%	5%	2%	2%
Percent of Households	70	12	5	6	5	2	
Share of Aggregate Time	0	5	7	17	37	34	

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amounts of time. Table 11 shows the skewed nature of the distributions, and the fact that the 7 percent of the households with active volunteers in them (giving more than 200 hours per year) account for 71 percent of the aggregate hours given. Similarly, we find in Table 12 that 8 percent of the households with a wife who gives more than 200 hours a year of free time account for 68 percent of the aggregate wives' time given.

Volunteer Time by Activity and Organization

Returning now to the types of volunteer activities done by heads and wives for different kinds of organizations, there are a number of things apparent in Table 13. For each organization, all of the volunteer hours are presented as shares of total time given by heads and wives to each activity. For instance, in religious organizations, heads give a total of 51 percent of all the volunteer hours, of which 4 percent are for fund raising, 13 percent for leadership, 13 percent for clerical or manual activities, 3 percent for professional activities, and 18 percent for other activities, including teaching, counseling, ushering, and singing in the choir. The table can also be read from the point of view of the activity. Again in religious organizations, 11 percent of all volunteer hours are for fund raising, with 4 percent given by the head and 7 percent by the wife. Note that there are large differences between types of

Table 12
Distribution of Time Given by Wives, By Income Level (for households with a wife)

1973 Total Family Income	Number of Hours: None	1-49	50-99	100-199	200-499	500 or More	Amount Not Ascertained	Percent of Households With A Wife
Less than $10,000	73%	14%	6%	6%	3%	1%	1%	50%
$10,000-19,999	53	18	9	8	7	2	3	85
$20,000-29,999	41	26	12	9	9	2	3	92
$30,000-49,999	35	17	14	12	11	6	5	91
$50,000-99,999	30	20	7	10	16	9	8	94
$100,000-199,999	26	19	10	17	16	6	7	91
$200,000-499,999	30	17	15	15	12	6	7	85
$500,000 or More	36	14	7	11	16	10	6	100
All Incomes	57%	17%	8%	7%	6%	2%	3%	69%
Percent of Households	59	18	8	7	6	2		
Share of Aggregate Wives' Time	0	5	10	17	35	33		

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organizations in the proportion of volunteer work done by husbands or single heads and wives (last column): household heads gave 80 percent of the total volunteer hours to "combined" organizations but only 36 percent of the total time to "other education" groups.

Reading across and summing the shares of volunteer hours of both heads and wives, we can see that the organizations differ greatly in the makeup of total volunteer time. For combined appeals, 62 (48 + 14) percent of the hours are spent on fund-raising and solicitation activities, and another 35 (29 + 6) percent on leadership. This makes sense, since combined appeals such as the United Way are merely fund-raising umbrellas for a multitude of program charities such as scouts, medical charities, and social services. For other organizations, volunteer hours spent fund raising are relatively small. The fraction of volunteer hours spent in leadership and management of the organization and boards and committees ranges from 50 (37 + 13) percent for cultural organizations to 14 (11 + 3) percent for social welfare organizations.

A third category of volunteer work, which like fund raising and leadership may be only indirectly related to the actual purpose of the charity, is "clerical and manual labor" and includes secretarial functions, cleaning and painting, driving, baby-sitting, and other unskilled or semi-skilled jobs. Twenty-six percent of the

Table 13

Shares of Volunteer Hours Given by Heads and Wives, By Organization and Activity

Type of Organization		Fund Raising (including solicitation)	Leadership, management	Clerical, manual	Professional, special skill	Other[a]	Total
Religious	- Head	4	13	13	3	18	51
	- Wife	7	6	13	1	22	49
Combined appeals	- Head	48	29	0	0	3	80
	- Wife	14	6	0	0	0	20
Community and other organizations	- Head	7	18	9	5	26	65
	- Wife	3	7	10	1	14	35
Health and medical	- Head	3	12	6	3	18	42
	- Wife	10	4	8	1	35	57
Higher education	- Head	4	17	1	13	42	77
	- Wife	5	2	2	2	12	23
Other education	- Head	1	13	5	4	13	36
	- Wife	5	15	14	3	27	64
Social welfare	- Head	14	11	3	5	8	41
	- Wife	2	3	14	2	38	59
Cultural	- Head	1	37	10	20	3	71
	- Wife	6	13	9	0	1	29
All	- Head	5	15	10	4	21	55[b]
	- Wife	6	6	11	1	21	45

a. Includes teaching, scout leading, speaking, helping day care center, nursery school, or other school, hospital volunteer work, choir, counseling.

b. Fifty-nine percent of people are heads (married men, single men, and single women) and 41 percent are wives, so wives are actually doing relatively more than heads.

volunteer work for churches was of this variety, while other types of organizations utilized from 19 percent to no volunteer clerical or manual labor.

The rest of volunteer time involves activities that are more directly related to the organization's function, including professional or specialized skills plus all "other" activities, such as teaching, serving as scout leader, helping at nursery school, day care center, counseling, ushering, doing hospital work. The proportion of volunteer work that was of a professional type was highest for cultural organizations (20 percent) and higher education (15 percent). "Other" volunteer work related to the purpose of the charity ranged from 54 percent for higher education (for example, soliciting or interviewing prospective students) and 53 percent for health and medical charities (hospital volunteers) down to 4 percent for cultural and 3 percent for combined appeals organizations.

There is clearly a wide diversity in what we might call the administrative-functional mix of volunteer activities between different types of organizations.

In the same table, one can also compare the shares of time devoted to each activity by heads and wives. Leadership and management positions are overwhelmingly dominated by heads (mostly male). The only place where wives are granted an equal share of leadership is in elementary and secondary education, where they hold many of the posts in parent-teacher organizations and even school boards. On the other hand, the pattern of clerical and manual tasks, which might be considered supportive to the leadership functions, is one-sided the other way: wives predominate in these jobs. Fund-raising shares show no consistent pattern.

Considering the more directly charitable activities, heads again cluster in the category of professional and specialized skills. (Wives gave very small shares of professional activity hours.) Under the category of all "other" activities related to the purpose of the charity, the share of heads' time was greater than that of wives' (but it was only proportionate to their overall share of time given) for "community and other" organizations, higher education, and cultural. For all other types of organizations, heads did *less* than their proportionate share (compared to the total shares) and wives did more.

On the question of shares of volunteer hours by heads (mostly male) and wives, there is no doubt that men's volunteer hours are predominately in the more visible and glamorous, higher status categories of leadership and professional skills, while their wives contribute the major share of hours in the less visible supportive activities of clerical and manual jobs, plus all the "other" activities which are directly related to the purpose of the charity. Since leadership and management activities are presumably dominant in setting policy for charitable organizations, heads of households (mostly men) have a clear monopoly of leadership posts.

Time Helping Friends, Neighbors, and Relatives Outside the Household

Previous studies have shown that most financial help to relatives occurs when they are living doubled-up, with the amount of money actually transferred to relatives living outside the household being relatively small. We assume that money given directly to other non-related individuals is even smaller, although we did not ask about gifts of money not going through organizations. However, people *do* devote time to helping others outside the household in informal ways that do not involve religious or charitable organizations. It is of course difficult to separate altruistic help from barter arrangements like baby-sitting pools or other cooperative arrangements. Furthermore, the questions differed in the two samples. The Survey Research Center interviewers asked:

> Did you (or your wife) spend any time during 1973 giving unpaid help to friends, neighbors, or relatives who do not live with you?

What kinds of things did you do? About how many hours of your time did that take altogether in 1973?

The Census interviewers asked:

Did you (or your wife) spend as much as 50 hours altogether during 1973 giving unpaid help to individuals who do not live with you, such as caring for a sick person?

What kinds of things did you do?About how many hours of your time did that take altogether in 1973?

There were some people at almost every income level who reported substantial amounts of time spent helping others. (See Table 14) The most frequent type of help was some kind of manual labor such as cleaning, cooking, painting, or yard work; the next most common was caring for sick, aged, disabled, or children. Some did errands for others, helped them move, provided counseling, or used some special skills. There was some tendency for those at lower incomes to provide more manual labor and those at upper incomes to provide special skills, but the differences were small.

Table 14

Time Spent Helping Individuals Not Living in the Household (percent of income group)

1973 Total Family Income	Number of Hours: Less than 50 or Not Ascertained	50-99	100-199	200-499	500 or More	Number of Interviews
Less than $10,000	72%	9%	9%	4%	6%	707
$10,000-19,999	66	12	11	8	3	833
$20,000-29,999	66	9	9	13	3	346
$30,000-49,999	71	8	8	8	5	224
$50,000-99,999	75	8	8	6	3	299
$100,000-199,999	78	10	5	5	2	226
$200,000-499,999	80	10	4	3	3	122
$500,000 or more	86	4	0	10	0	45
						2,802
All Incomes (percent of households)	69	10	10	7	4	
Share of Aggregate Time	5	8	15	25	47	

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Altruism as a Syndrome: The Complementarity of Time and Money Giving

We can summarize a lot of complex investigation, some of it reported in more detail in Chapter III, by saying that the giving of time and of money go together. We can find no subgroups in the population for which there is not a strong positive correlation between the two manifestations of altruism.

Table 15

Relationship of Time Given Relative to Education and Money Given Relative to Income

Ratio of time given to average for education level (Average for husband and wife if a wife present)	Mean ratio of money given to average for income group	Percent of Households
Less than .25	.63	68%
.25 - .49	.91	4
.50 - 1.49	1.25	11
1.50 - 2.99	1.76	7
3.00 or more	2.15	10

Ratio of Money Given to Average For Income Group	Mean Ratio of Time Given to Average for Education Group: Husbands or Single Head	Mean Ratio of Time Given to Average for Education Group: Average Ratio for Husbands and Wives	Percent of Households
Less than .25	.33	.35	27%
.25 - .49	.51	.46	32
.50 - 1.49	.88	.94	24
1.50 - 2.99	1.58	1.49	10
3.00 or more	2.80	2.57	7

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Since upper-income people give more time and especially more money, and highly educated people give more time and more money, particularly the former, some of the association between giving time and giving money might be suspected of resulting not from any causal relation between the two, but from the correlation of each with income or with education —a spurious correlation between the two kinds of giving. If, however, we look at the relationship between *relative* money given (compared with average for one's income group) and *relative* time given (compared with the average for one's education group), we still have the powerful relationships shown in Table 15. (See Appendix III for details of the relative giving variables.) The first part of that table shows that those who give little time give 40 percent less money than others in their income group, while those who give a lot of time give more than twice the average money gift for their income level.

If we think the causation goes from money to time, the second part of the table shows that those who give relatively little money give only a third as much time as those in similar education groups, and those who give a lot of money give more than two and a half times as much time as average. These are extremely powerful relationships in a society as heterogeneous as ours. The actual correlation between these "adjusted" measures of time and money given is .35, and it is almost identical for those under 55 or older who give only 77 percent of "average" in dollars and those 55 or older who give 126 percent of "average." Only among the very old and lower-income households, where giving time is rare, is the correlation low.

It is dangerous, of course, to extrapolate such cross-section relationships at a given point in time into predictions of dynamic effects of new tax policies and to infer that a policy that discourages giving money will be accompanied by a reduction in the giving of time. Furthermore, there are some other statistical problems of measurement errors in both variables. If we leap over all these problems to make some kind of estimate from the data, the correlations would indicate that anything that reduced dollar giving by 10 percent might reduce time given by as much as 4 percent. Since the two aggregates are roughly equal in size, that would be a substantial secondary effect.

If we focus on the groups most likely to be affected by changed tax laws—defined by whether they were on the borderline of benefiting from itemizing deductions – we notice that their relationship between time and money giving is about like that of the overall population, so there is no reason to believe that the effect on them would be different. At higher income levels, the trade-off relation would seem to indicate even greater sensitivity and a greater loss of volunteer time if dollar giving were discouraged. For example, it is easy to think of doing less solicitation for a charity to which one had stopped giving money.

All of this is counter to the economist's standard prediction of the "rational" response to a change in the relative price of two substitute goods – both of which are a small portion of the individual's total expenditures. If the giving of time is still not taxed, while money earned and given is taxed, then the logical person should give more time and less money. Those with normative notions of how much help their organizations need might indeed respond this way given the opportunity for such substitutions. Whether the long-term trend toward increasing professionalization could be reversed, and for what kinds of philanthropies, clearly depends on whether we think of churches, community activities, education, or cultural organizations.

Interestingly enough, the relationships between time and money giving are about the same at all education levels, though the more education, the more of both time and money that are given, even relative to average. Across age groups, however, the peaking of voluntarism among young families (with children) and the continual increase in money giving, leads to a kind of substitution of money for time as people get older. It seems likely that this would be a response to something other than a change in tax rates. We return to the relationship between time and money giving in Chapter III.

II

EVIDENCE ON THE EFFECTS OF TAX POLICY

In order for people's philanthropy to be influenced by tax policy, they must have at least a rudimentary insight into the effect of their giving on their taxes. If they do not know their net "price of giving" after taxes, they should at least understand that itemizing deductions reduces taxes and hence the net cost of giving. Second, they must have attitudes receptive to making use of that information in deciding about giving. Third, there should be some behavioral evidence that in practice giving is affected by its "price." (This paradigm parallels the one used in the studies of family planning where the acronym KAP is used to stand for knowledge, attitudes, and practice.)

We proceed now to assemble these three kinds of evidence on the effects of tax policy on philanthropy, warning the reader to keep in mind that forecasts of future behavior must weigh all this evidence rather than select one piece of it.

Knowledge and Sophistication

Many people get help in filling out their tax returns; if they pay an accountant or lawyer to help, one might think that the tax preparer might point out to them

Table 16

Income Tax Help Received, by Income (percent of income class)

				Type of Help				
		Got Help						
Income	No Help	Paid	Free	Accountant	Lawyer	Tax Services	IRS	Friend Relative, Other
\$0-9,999	53%	35%	12%	15%	4%	19%	2%	9%
\$10,000-19,999	36	57	7	25	5	28	1	5
\$20,000-29,999	38	58	4	35	3	20	0	3
\$30,000-49,999	34	63	3	45	6	13	0	1
\$50,000-99,999	27	69	4	60	7	5	0	1
\$100,000-199,999	7	93	0	69	18	0	0	0
\$200,000-499,999	0	100	0	100	0	0	0	0
\$500,000 or more	0	100	0	100	0	0	0	0
All	44%	46%	10%	21%	5%	22%	1%	7%

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the net cost of giving,as well as things like the advantages from donating appreciated assets.

The use of paid help, especially accountants, rises dramatically with income. The use of free help, such as friends or relatives, is concentrated in the low-to middle-income groups, as is the use of tax services. Table 16 shows the details.

A second source of advice, namely professional fund raisers, might be even more likely to focus on the tax advantages of giving. Those who gave at least \$100 in 1973 were asked:

> Do you get any expert advice on where or how to make contributions?
>
> Who gave you this advice — was it a lawyer, an accountant, someone from a charitable organization, or someone else?

Table 17 shows that such advice is quite rare, even at high income levels.

Finally, since the most important way in which tax policy might affect giving is through the marginal tax rate which determines the "price of charity," it would seem that if it is to have its full effect, people should know what their marginal tax rate is. (For purposes of prediction it is only necessary that people behave *as if* they knew their marginal tax rate. We return to this in the next section.) (Only 3 percent said they didn't know whether they itemized deductions.)

Immediately after the questions on income, respondents were asked:

> If your taxable income had been increased by \$100, how much more federal income tax would you have had to pay?

After asking whether they used a standard deduction or itemized deductible expenses "such as property taxes, interest payments and charitable contributions," those respondents who itemized were also asked:

Table 17

Expert Advice On Giving, By Income (percent of income group)

Income	Lawyer	Accountant or CPA	Someone from Charity	Other	None
$0-9,999	0.0%	0.2%	2.2%	0.4%	97.2%
$10,000-19,999	0.2	0.0	1.9	0.8	97.1
$20,000-29,999	0.7	0.3	0.9	2.2	95.9
$30,000-49,999	0.5	1.0	1.0	2.0	95.5
$50,000-99,999	0.3	2.9	1.7	1.7	93.4
$100,000-199,999	3.1	1.2	0.4	3.5	91.8
$200,000-499,999	6.6	4.1	1.7	6.6	81.0
$500,000 or more	6.6	3.3	1.2	7.8	81.1
All	0.3%	0.2%	1.7%	1.0%	96.8%

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If you contributed another $100 to charity, how much would it save you in taxes?

A surprisingly large proportion (72 percent) of people said they did not know the answers to these questions, and some gave impossible answers (there are no federal income tax rates of 1 to 13 percent or greater than 70 percent). Even if we allow the possibility of zero rates for any respondents who have more deductions than they can use, only 21 percent of the sample gave conceivably correct responses. (See Table 18) Of course, the higher the income the higher the proportion of conceivably correct responses. There may be two effects working here: the higher the income the higher the *range* of conceivably correct responses, and the higher the income the higher the *incentive* for tax awareness. There were, of course, a few who did not answer the question and some who said they did not know may have been politely avoiding it.

Itemizing deductions and filling out the long tax form should make people more aware of tax rates and the net costs of giving to charity. At incomes below $8,000 a year, which includes some 38 percent of the families in the country, 82 percent either do not file or do not itemize if they file. This drops rapidly to a tenth or less at the above $30,000 a year levels. Table 18 shows the proportions who file and itemize, who give some estimate of their marginal tax rate or their marginal tax saving if they give to charity.

It is not surprising that people are not sophisticated at lower-income levels, but it is unexpected that so many who itemize deductions and have substantial taxes to pay claim so little knowledge of the tax effects of earning more or of giving more. Perhaps the use of expert help in filing tax returns makes people *less* aware of their own marginal tax rates. When we combine various other indicators of tax sensitivity into indices, they give the same overall impression — little sensitivity, particularly at modest incomes. (See Table 18)

Table 18

Percentage Who Reveal Some Sophistication About Taxes and Giving

Income	Itemize	Give A Conceivably Correct Response To Federal Tax On Added Income[a]	Itemize and Give An Estimate Of Their Tax Reduction On Added Giving	File and Score 3 Or More On Tax Sensitivity[b]	Percent of All Tax Filing Households
$0-9,999	26%	17%	5%	8%	48
$10,000-19,999	66	22	15	11	38
$20,000-29,999	82	32	28	22	9
$30,000-49,999	90	43	44	36	3
$50,000-99,999	94	45	45	58	1
$100,000-199,999	98	59	62	70	0.2
$200,000-499,999	96	45	50	72	0.05
$500,000 or more	94	52	49	72	0.01
All	49%	21%	13%	12%	

a. Responses of 1-13 percent or greater than the highest possible marginal tax rate for respondent's income bracket are considered incorrect. (See Appendix IV, Variable 547).

b. For details of this six-point index of tax sensitivity, see Appendix IV, Variable 527.

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Table 19

Reported Effects of Deductibility on People in General: Others Like Respondent, and Respondent Himself (tax filers only)

Income	Deduction Stimulates Giving	Others Like Respondent Would Give:		Respondent Himself Would Give:	
		Less[a]	A Lot Less	Less[a]	A Lot Less
Less than $10,000	34%	15%	10%	8%	4%
$10,000 - 19,999	49	31	18	13	7
$20,000 - 29,999	56	39	24	23	9
$30,000 - 49,999	64	68	44	36	18
$50,000 - 99,999	72	80	68	56	40
$100,000 - 199,999	81	82	75	71	49
$200,000 - 499,999	79	86	79	75	62
$500,000 or more	78	73	73	72	65
All	43%	10%	16%	6%	7%

a. Includes those who said "less" or "a lot less."

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Attitudes

Effects of Deductibility

Respondents were asked how they thought the deductibility of charitable contributions affected "people who itemize," "people whose financial situation is about the same as yours," and "you." As might be expected, people were more likely to attribute self-serving (economically rational) responses to other people than to themselves. A majority thought that deductibility "encourages people to give more," but only at income levels over $30,000 did a majority think that others like themselves would give less if charitable contributions were not deductible. (See Table 19); only at incomes over $50,000 did a majority think people like themselves would give "a lot less."

When we asked, "How about yourself? How would you probably react?" only at incomes above $50,000 did a majority say they would give less. At incomes over $200,000 a majority said they would give a lot less.

Although there is a rather wide range of answers, depending on how close to home the question was, the main pattern is clear: relatively few people except at the highest incomes believe they would give a lot less without the tax advantages of giving. However, at every income level many more itemizers than non-itemizers say they and other givers would give less without deductibility.

People who are giving large absolute amounts are, like the upper-income people, more likely to say that they and others are affected by deductibility. When we look at those who are giving more relative to the average for their income level, there is only a mild tendency for them to express more sensitivity to such considerations.

Stated Reasons for Changes in Giving

Families who had given $100 or more in 1973 were asked a sequence of questions about past and planned *changes* in giving – amounts and donees – and the reasons for such changes. Any mention of tax reasons or considerations was recorded. Over the thousands of interviews and the seven places where such reasons could be elicited, there were only 12 instances of taxes being spontaneously mentioned. Clearly tax considerations were not salient in the minds of most respondents in changing the level or mix of their contributions.

Those who gave $100 or more were also asked whether they planned to change the *form* in which they gave, that is, to give property rather than money, or money rather than property. Even at the higher income levels,few planned to change. Most of those expected to give more property, and for tax reasons, but some planned to give less property because the stock market was down. (See Table 20)

Reports by Those Respondents Who Have Started or Stopped Itemizing

In the Survey Research Center sample, people were asked whether they had itemized five years ago, in 1968 (the 1969 tax law raised the standard deduction causing a substantial number of people to stop itemizing). Those who had started itemizing (itemized in 1973 but not in 1968) or stopped (did not itemize in 1973 but did in 1968) were asked what effect this change made "on the amount you now give to religious or charitable organizations."

Of the 12 percent (253 people) who had started itemizing, fewer than 1 in 10 (21) said that it had had any effect on giving. Thirteen said they gave more. Of the

Table 20

Plans to Change Form of Giving, by Income[a]
(givers of $100 or more to charity)

1973 Total Family Income	Plan to Change Form	More Property	For Tax Reasons	Less Property	Stock Market Down	Number of Cases
Less than $10,000	1%	1%	0%	0%	0%	235
$10,000-19,999	2	1	0	1	0	547
$20,000-29,999	3	2	2	0	0	292
$30,000-49,999	3	2	1	1	0	207
$50,000-99,999	9	7	5	1	0	290
$100,000-199,999	9	4	3	3	2	224
$200,000-499,999	15	8	5	4	2	121
$500,000 or more	18	16	7	0	3	65
All	2%	1%	1%	0%	0%	1,961

a. Percent in each income group giving indicated plan or reasons.

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8 percent (137) who had stopped itemizing, fewer than 1 in 10 (10) said this had had any effect on giving. Those who had stopped itemizing were also asked: "Do you think it might affect your future giving?"

Only 18, or 14 percent, said it might affect their future giving. These answers are almost certainly an understatement of the likely outcome, particularly in light of the differences between itemizers and non-itemizers in their actual giving, which we shall see later.

A General Query

Instead of the change-in-itemization question noted above, the Census respondents were asked:

> There have been a number of changes in the tax laws relating to charitable giving in the last few years. Have any of these changes made any difference to you?
>
> (IF YES) What was the change?
> Has this affected the amount you give to charity or the form in which you give it, or what?

For only 74 respondents (2 percent) did the changes make any difference: 14 mentioned limits or ceilings on giving; 25, changes in the foundation law; and 6, restrictions on giving appreciated assets. When asked how this had affected the amount they gave to charity or the form in which they gave it, only 24 people said they gave less; another 16 said it had had no effect on their giving, but they didn't like it.

Some "Iffy" Questions on Prospective Response to Changes in Tax Laws

It is always dangerous to rely on the answers to questions that begin with "if," particularly if the contingent event is either complicated or not perceived as likely by the respondent or is well beyond the range of his experience. In spite of this, we asked two such questions of both samples and a third of the Census sample only. We asked about the effects of switching from deductibility of charitable contributions to a tax credit or a matching grant or the effect of putting a floor under deductible gifts amounting to 3 percent of income (as with medical expenses). To make the questions explicit, we specified a 50 percent tax credit and a 100 percent matching grant, which would leave a person with a 50 percent marginal tax rate unaffected (except, of course, that he could give half as much with the matching grant and his charity would end up with the same support as before the change in law). Not only are answers to such questions unreliable, but they are also very likely to be affected by the exact wording of the question, so we give the full questions:

> There have been several alternatives proposed to replace the current tax deduction for contributions to religious and other charitable organizations. We are interested in whether these alternatives would affect the amount you give the charity.
>
> One proposal is that instead of allowing charitable deductions the tax law be changed so that each person's taxes are reduced by half of the amount he gives to charity. Would this affect the amount you give to charity?
>
> (IF YES) In what way? Why is that?

A substantial majority said it would have no effect, except at incomes of $500,000 or more. (See Table 21) The point at which the proposal would yield a

Table 21

Prospective Effects on Respondents' Giving of Changes in Tax Treatment of Contributions (tax filers only)

Income	50% Tax Credit: Would Affect Giving	50% Tax Credit: Would Give Less	50% Tax Credit: Would Give More	100% Matching Grant: Would Affect Giving	100% Matching Grant: Would Give Less	100% Matching Grant: Would Give More
Less than $10,000	13%	5%	8%	20%	3%	12%
$10,000-19,999	22	3	15	22	5	13
$20,000-29,999	26	5	19	31	11	14
$30,000-49,999	35	8	21	39	16	13
$50,000-99,999	36	15	14	51	30	9
$100,000-199,999	35	20	10	48	30	9
$200,000-499,999	39	26	9	56	39	5
$500,000 or more	53	42	5	50	46	0
All	19%	3%	12%	23%	6%	12%

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tax-price equal to the current law (deductibility) is a marginal tax rate of 50 percent, roughly at $50,000 of taxable income. Among those who *did* say that their giving would be affected, there was a "rational" pattern: a majority at all incomes below $50,000, both itemizers and non-itemizers, said such a credit would increase their giving, and a majority of those with incomes above $100,000 said they would give less. Looking at groups who give more or less than the average for their income level, there were few differences in their reactions to a tax credit. Those giving three or more times the average for their income level were some 10 percent more likely to say that they would not change their giving; but if they expected a change, they were as likely to expect to decrease giving as to increase it. Some respondents talked about whether they approved of the idea rather than about how it would affect their giving.

We then asked:

> Another proposal is that instead of any tax benefits for charity the government simply give $1 to any charity for each $1 you give. Would that affect the amount you give to charity?
>
> (IF YES) In what way? Why is that?

Such a dollar-for-dollar matching grant would allow everyone to participate in the subsidy of charity, even those who were not paying income taxes. The responses, however, are difficult to interpret since it is conceivable that some who said they would give more meant that their *donees* would be getting more, but it is just as possible that some who said they would give less meant they would give somewhat more than half as much as before, in which case the donees would get *more* than before. (Indeed, some 9 percent mentioned that the government would be giving the other half, but nearly half of them as a reason for saying they would give *more* of their own money.) Therefore, it is understandable that at almost every income level there are more who say they would give less under a matching grant than say they would give less with a tax credit. (See Table 21) At incomes over $50,000, the change from deductibility to a matching grant would raise the net price to the individual of a dollar received by the organization and might be expected to lead to a reduction in gross giving (and of net giving to less than half the previous level). There were also more who had other concerns; for example, that the government would not really give to the *same* charity or that the government should not be getting into previously private philanthropy at all.

There are no apparent differences according to the relative level of giving (see Appendix III) except for the lowest givers (less than .25 of average) who tended to be much more likely to say they would give less and to focus on the fact that the organization would get more than they gave or that the government should not be involved.

The Census sample was asked about an additional possible change:

> A third proposal is that charitable deductions be allowed only for amounts over and above three percent of your income, the way medical deductions are handled. Would this affect the amount you give to charity?
>
> (IF YES) In what way? Why is that?

The same pattern appears, with somewhat fewer saying they would be affected, but the proportion increasing substantially at incomes over $50,000. (See Table 22) Practically no one said he would give more with a 3 percent floor, but only a handful gave the logical response that they would give every other year.

Table 22

Prospective Effects of a Three Percent Floor on the Amount of Contributions Deductible

(Census sample only)

Income	Percent of Each Income Group Who Say It Would Affect Their Giving	Percent of Each Income Group Who Say They Would Give Less[a]
Less than $10,000	15%	7%
$10,000 - 19,999	20	18
$20,000 - 29,999	20	17
$30,000 - 49,999	38	31
$50,000 - 99,999	64	37
$100,000 - 199,999	68	41
$200,000 - 499,999	68	42
$500,000 or more	62	37
All	25%	20%

[a] Only 5 people said they would give every other year, which would make the effective floor 1.5 percent.

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The low relative givers (less than .25 of average) were also a little more likely to say that they would give less with a 3 percent floor, a sensible reply if the floor would leave them with no deductible contributions at the margin.

In general, those who reflect sensitivity to deductibility are those who are themselves giving above average, and those who feel that switching to tax credits or matching grants would reduce giving are also those who are themselves giving more than average. This would lead us to conclude that the generally positive effects of deductibility and the generally negative reactions to changes, even to other methods of encouraging giving, are even more important because they are stronger among those who are currently the relatively big givers.

Two more policy-related questions were asked only of people who had $100,000 or more in net assets. The first concerned the charitable deduction under the estate tax. Only 19 percent of the high-asset people planned to leave a direct bequest to a religious or charitable organization; only 9 people among them planned to give more than 50 percent of their estate to charity. Those nine people were asked:

> There has been a proposal to limit the estate tax exemption on charitable bequests to a maximum of half the estate. Would you change your arrangements if they did that?

Five of the nine said it would affect them (only one of whom would give less to charity), but four did not know what they would do. Clearly, this proposal would apply to very few people and probably affect even fewer.

The other policy question concerned the marital deduction. After determining what percent of their estates husbands intended to leave to their wives, we looked at those who would leave between 50 and 99 percent, the policy-relevant group. Since the current marital exemption is 50 percent, the ones leaving less than 50 percent are not constrained by the present law. Obviously, those currently leaving 100 percent could not increase their bequest to their wife in response to the

Table 23

Intended Bequests to Wife
(percent of respondents with wife in household and net assets greater than $100,000)

1973 Total Family Income	Portion of Estate to Wife[a]			
	Under 50%	50-99%	All	(Total)
Less than $10,000	15%	14%	71%	100%
$10,000-19,999	6	24	70	
$20,000-29,999	5	35	60	
$30,000-49,999	6	33	56	
$50,000-99,999	12	43	41	
$100,000-199,999	13	55	28	
$200,000-499,999	22	53	22	
$500,000 or more	23	68	9	
All	7%	33%	59%	

a. Details may not add to 100 percent because some respondents did not answer the question.

increase in the marital exemption. Table 23 shows the fraction in each income group in the policy-relevant group. They were asked these questions:

> If the law were changed so that you could leave more of your estate to your wife tax free, what would you do differently? (SRC)
>
> If the law were changed so that you could leave more of your estate to your wife tax free, would you do so? (CENSUS)

Five percent of SRC and 22 percent of Census high-asset respondents would give more to their wives if tax free, but nearly all would reduce giving to other family members rather than reduce charitable bequests.

Summary of Knowledge and Attitudes

What can we conclude about knowledge and attitudes? Knowledge about tax implications of charitable contributions and expressed sensitivity to them rise with income and size of contributions; but even at high income levels, the degree of tax sophistication is quite low. It is of course possible that to discuss contributions in the context of such crass economic terms as deductibility and tax considerations may be thought of as somehow not very charitable; that is, if you admit knowingly to receiving an economic benefit from your charitable behavior, it thereby loses some of its altruistic tinge. In any event, respondents were somewhat more willing to attribute economically motivated behavior to people other than themselves. Freely reported tax reasons for past and future behavior are very rare.

Direct questions on the effects of changes in itemization (which changes the price of charity to the respondent) elicited very few more tax-related responses. We shall see later the effects of itemization and changes in itemization on giving behavior, as opposed to attitudes and reported behavior. Direct questions about responses to prospective changes in tax laws revealed only a modest amount of tax sensitivity.

We did not ask respondents how they would react to a change in the standard deduction, which has been enacted, since the survey was conducted. The number of tax sensitive people in the income groups where deductibility will be lost is small. However, they may become sensitive when they realize what has happened and adjust their charitable behavior accordingly.

We now move on to a consideration of behavioral responses to tax policy variables.

Behavioral Evidence of the Effects of Taxes on Giving

We have several ways of assessing the effects of tax policy on giving. We asked respondents whether they had ever decided not to give to an organization because it was not deductible and whether they gave to organizations in 1973 that were not deductible. Second, we asked whether they had ever given more than could be deducted. Third, we asked for each of the four major gifts whether property was given, and for the first gift whether that property was appreciated and whether the appreciation was more than 100 percent. Fourth, for the wealthy we asked some questions about giving through trusts, foundations, and charitable bequests. Finally, and most important, we asked how much people gave in total; we can relate that giving to whether deductions were itemized, to recent change in itemization status, and to tax shelters and applicability of the minimum tax provision of the Revenue Act of 1969.

Nondeductible Gifts

Near the end of the questions on giving, those who gave $100 or more in 1973 were asked:

> Have you ever considered giving to an organization but decided not to because contributions to that organization were not tax deductible?
>
> In 1973 did you contribute to any of these groups, even though the contribution was not tax deductible?

Only at incomes over $50,000 did any appreciable fraction say that they had been inhibited in this way, and a third to a half of the people at higher incomes were contributing to nondeductible organizations anyway. (Figure 4) However, large charitable givers (relative to average for their income group), were slightly *less* likely to report being inhibited in giving to nondeductible causes. It also turns out that only those who are giving substantial amounts to charitable organizations are also making nondeductible contributions of more than a few dollars.

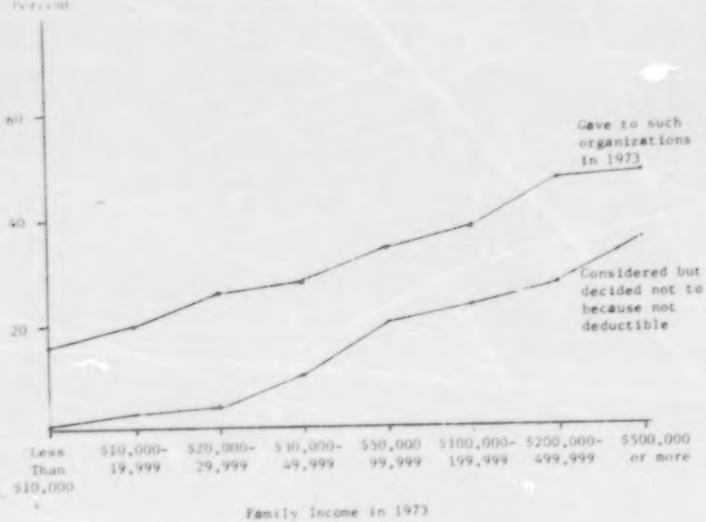
Giving Beyond the Limit

In the Census sample, respondents who itemized were asked:

> Have you ever given up to or beyond the maximum amount you could deduct for charitable contributions on your tax return?

Figure 4

Giving to Nondeductible Organizations, by Income
(givers of $100 or more only)



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Did the limit affect your contributions in any way? In what way? Why is that?

Again, only at incomes over $50,000 did any fraction report such giving; but nearly half of those with incomes over $500,000 said that they had hit the limit. Most of those who had ever given more than they could deduct (59 out of 118 cases) said it had no effect on their giving – they gave anyway and lost the deduction. A few (8 respondents) said that they carried the excess over to another year, and 13 respondents said that they had contributed only up to the limit.

One can hit the limit on charitable deductions because one gives a large fraction of income or because one has categories of income with special tax advantages. Those who reported hitting the limit on charitable deductions were more likely to have an interest in real estate, oil or gas properties and to have had gains rather than losses from such investments. However, they were not any more likely to have had realized capital gains and losses from the sale of assets.

Giving Appreciated Assets

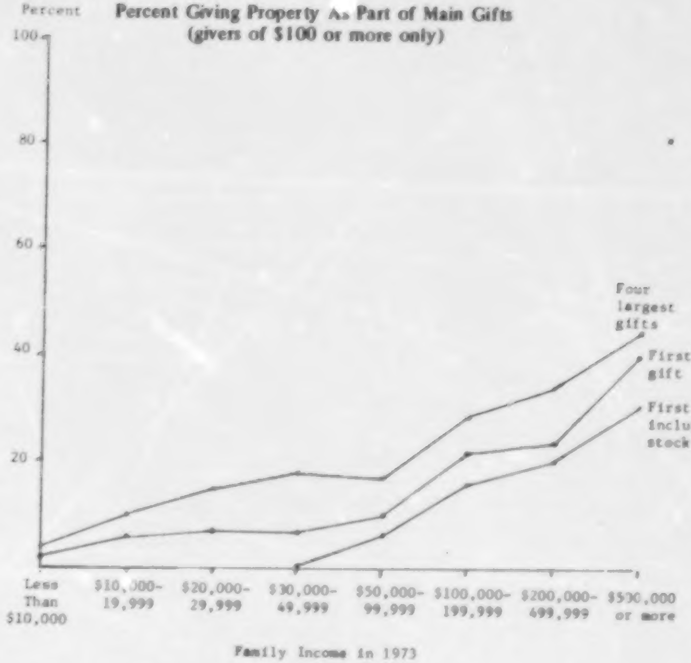
Giving appreciated assets would seem to be a clear indication of sensitivity to the tax treatment of contributions. We asked the form of the gift only for the four largest gifts by each household and details of kind of property and amount of appreciation only for the largest gift. (It seems unlikely that anyone would make large cash gifts *and* small gifts of appreciated property.) In fact, only a tenth of the households reported giving gifts of property among their four largest gifts (see

Figure 3), and, judging from the largest gift, most of those at moderate income levels gave *depreciated* rather than appreciated assets – like furniture, old clothing, or equipment and appliances. The percentages reporting a largest gift that included corporate stock were as follows:

Income	Percentage Giving Stock (of givers of $100 or more)
Below $50,000	0%
$50,000 - 99,999	6
$100,000 - 199,999	16
$200,000 - 499,999	20
$500,000 or more	31

Figure 5

Percent Giving Property As Part of Main Gifts (givers of $100 or more only)



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Clearly the tax advantages of giving appreciated assets are confined to a very small proportion of households, all at the upper-income levels.

Those with $100,000 or more in net assets were also asked whether in the last five years they had made any "major one-time gifts of $10,000 or more directly to any religious or charitable organization" and, if so, whether the gift was in cash or stock or what. If it included stocks or other property, we also asked:

> Was any of this worth a great deal more than you originally paid for it?

In all cases, we asked:

> Did you give it early in the year, or late in the year, or what?
>
> (If late) Why was that?

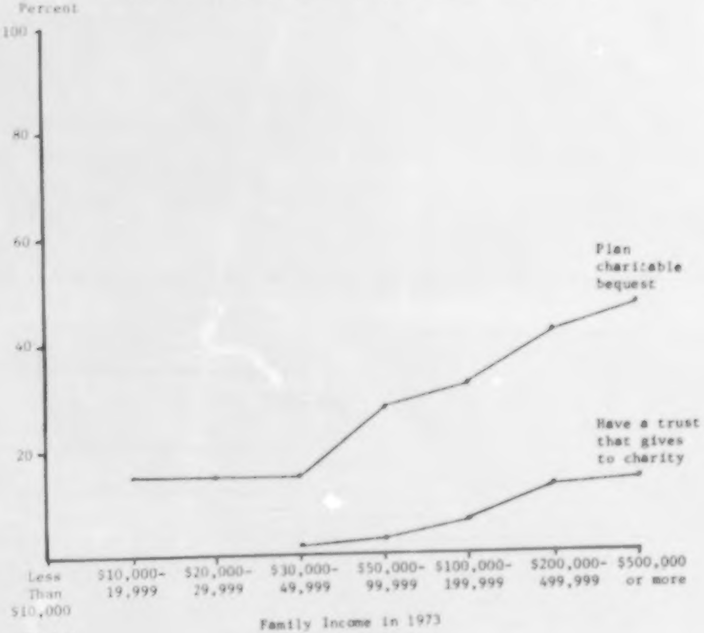
Even among this wealthy group, only 3 percent reported such one-time gifts, and 1 percent said that they involved property. Only at incomes over $100,000 *and* assets over $100,000 did as many as 10 percent report giving such one-time property gifts, though a majority who did said that the properties were worth a great deal more than they had originally paid for them. A still smaller group, less than 1 in 20 of those with high incomes and assets, reported giving such gifts late in the year for tax reasons.

Trusts, Foundations, and Charitable Bequests

While we are considering this "wealthy" group with net assets of $100,000 or more, we can summarize some other responses from them relevant to the issues of philanthropy. Since family obligations and prospective bequests to family can

Figure 6

Percent Who Have Trusts That Make Charitable Gifts or Who Plan Charitable Bequests, By Income (of those with net assets of $100,000 or more)



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compete with gifts or bequests to charity, we asked in an introductory sequence about the origin and expected disposition of assets, plus some questions on private trusts and foundations and past and expected transfers of wealth to children or widows.

Those who had "inherited anything or received any large gifts" worth $10,000 or more were asked:

> Do you treat your inherited funds differently from the funds you have saved over the years? In what way?

Nearly half had inherited, but fewer than 1 in 10 reported treating inherited assets "differently," which meant not spending them but rather saving them to pass on to the next generation. No one mentioned giving them to charity.

More than a fifth of those with more than $100,000 in net assets reported setting up a trust. The proportion was over half for those with incomes over $100,000. The trusts were mostly for family purposes. Only at incomes over $200,000 do as many as a tenth of the households report setting up a trust that would make any charitiable contributions. (See Figure 6) Similar patterns appear when we ask those without a trust whether they had considered setting up one. Many considered it, but few thought the trust would make charitable contributions. A common practice was transferring to children property worth more than $10,000 in any one year, and a substantial number at higher incomes reported doing that every year.

Most of those with net assets over $100,000 had made a will. Of those with net assets over half a million, more than a tenth reported changing their will since 1970 because of the tax laws. A substantial minority reported plans to bequeath something to charity (Figure 6), which is more than have made provisions to bequeath to grandchildren in order to save estate taxes (Figure 7).

As we noted earlier, so few intended to leave as much as half their estate to charity that we could not inquire about the potential effect of reducing the fraction of an estate that could be left tax-free to charity. We also reported above that substantial minorities intended to leave half or more of their estates to their wives, and they indicated that they would leave more to their wives and less to other family members if the law were changed. (Only 13 respondents mentioned leaving less to charity versus 124 leaving less to other family members.)

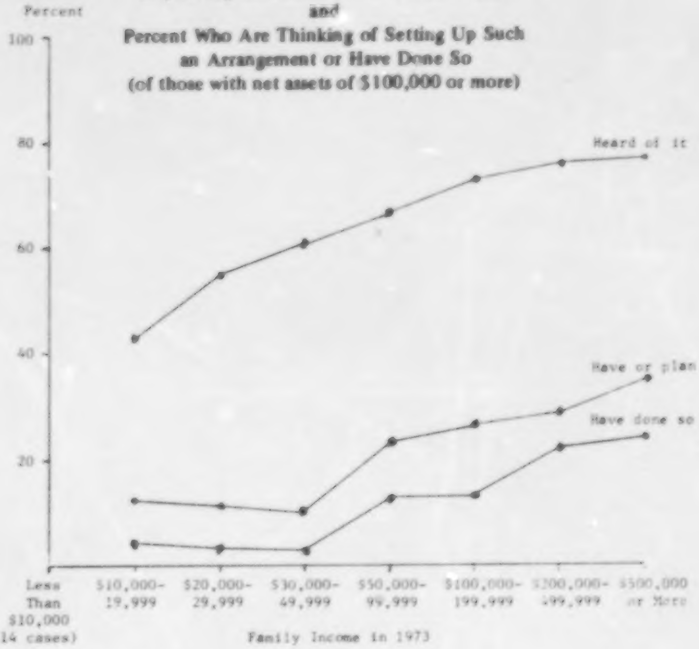
Private Foundations

At the highest income levels, where the tax treatment of foundations and bequests is more important, even our extensive oversampling does not allow estimates of aggregates, but it does provide some more qualitative information. For example, there were some 84 respondents (again, of those with $100,000 or more in net assets) with private charitable foundations and 15 more who had had one and terminated it (8 of them because of the laws). Of the 84 with foundations, 74 were aware of recent changes in the law, 67 had had some advice about them. Of the 33 who had made changes in response to the new law, about half had stopped adding to the foundation or were terminating it. Of the 29 who planned to do something, 17 were planning to put no more funds in or to terminate it. So, of 99 past and present foundations, 28 terminations had resulted or will result from the changed law and another 13 will receive no more funds. That leaves 58 respondents with no plans to reduce or abolish their foundations. Another 68 respondents had considered setting up a new foundation, and 18 still think they will do so. It is, of course, a mixed picture, but the concern of experts that the 1969 revisions of the law on philanthropic foundations would have some negative effects is clearly well founded.

In reading the answers given by people with foundations, one finds the usual variety of situations and responses. There was one person who had abolished a

Figure 7

Percent Who Have Heard of the Possibility of Bequething to Grandchildren to Save Taxes
and
Percent Who Are Thinking of Setting Up Such an Arrangement or Have Done So
(of those with net assets of $100,000 or more)



The questions were:
"Have you heard of the possibility of bequeathing your estate to grandchildren in order to save on estate taxes?"
If Yes: "Have you made any such provisions?"
MTR 193 If No: "Are you thinking of setting up such an arrangement?"

foundation years before the law changed, saying it was "too laborious a way of giving." There were some who let their lawyer handle all the foundation details and reported that they had instructed him to comply with the law. Some refer to the new law as complex, some as restrictive, and some as confusing. One company headache" (referring to the reporting and taxes). Some reasons are difficult to interpret, like the builder with the law degree who terminated his foundation in 1971 because "it did not serve any useful purpose," or the board chairman who said, "for foundations you have to give double the gift to get half the value, but it hasn't affected me because I continue to give to the foundation." On the other hand, one stockbroker whose foundation is giving away some $40,000 a year said he was unaware of changes in the tax laws affecting foundations.

Some answers reflected a change in form rather than amount of giving, like the corporate vice-president who terminated his foundation in 1973 saying, "We did not think it was necessary, did not serve a purpose. We felt we'd rather give directly to charity, more flexibility."

One real estate broker who is keeping his foundation said he had been advised not to let the law bother him and declared, "I do feel that big foundations grossly abuse those tax laws." Some respondents who had considered setting up a foundation but decided against it mentioned the new law:

> A stockbroker: "Tax advantages are no longer valid, not under current laws for foundations."
>
> A retired person: "Just could not be tailored to our advantage."
>
> A investment banker: "The new tax law make the bookkeeping and legal implication unburdenable (sic)."
>
> A company president: "I question the tax ruling that the foundation must pay out 100 percent of its income each year."

Past and Expected Change in Giving

Respondents' reports on how their giving and their income had changed in the past five years and how they expected them to change in the future are a relatively crude way to get at the dynamic effects of changed tax laws. For the few who have changed from itemizing to non-itemizing, or the reverse, in the last five years, we can examine their replies in comparison with those who have been itemizing, or not itemizing, all along.

The simplest comparison of the three groups reveals very small (nonsignificant differences) in the expected direction:

	Those Who:		
Reported Giving Increased	Started Itemizing	Stopped Itemizing	Didn't Change
Slower than income	18%	16%	16%
Faster than income	22	15	17
Same, or not ascertained	60	69	66
	100%	100%	100%

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If we use the reported percentage change in giving over the last five years as the dependent variable in a correlation analysis, we can look at the effect of itemization and changes in itemization status both simply and adjusted for differences in income change over the same period and in age.

Recalled Increase In Giving Since 1968,
By Change in Itemization Status (Deductibility)
(Survey Research Center sample only)

	Average Percent Increase In Giving 1968-1973:		Number of Cases[b]
	Unadjusted	Adjusted[a]	
Started itemizing	49%	38%	140
Stopped itemizing	14	20	73
Always itemized	27	28	688
Never itemized	32	35	187

---

[a] Adjusted for differences in age and in patterns of income change because younger people and those with income increases reported larger relative increases in giving.

[b] Includes givers of $100 or more only.

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These differences, while based on relatively few cases and subject to substantial statistical uncertainties, are clearly in the expected direction if the onset of itemization and the advantage of deductibility of charitable contributions encourages increases in giving and the withdrawal of the tax advantage discourages giving. (The larger percentage increases among those who never itemized may well result from the fact that they are mostly quite young and increasing from a low base, or quite old and without income increases to account for their increased giving.)

It is possible that it takes a while for the effects of changed itemization status to show up. We asked respondents about expected future changes in income and giving:

> Looking ahead to five years from now, what do you think will happen to your family's income during that period? Will it go up, go down, or stay the same?
>
> What about your giving to religious organizations and other charities – will that go up, go down, or remain the same?
>
> Do you think it will go up at the same rate as your income, or faster, or slower?

Some 30 percent expected an income increase and said that their giving would go up at least as fast. We can look to see whether that proportion is different among those whose tax status as to itemization had changed. Again we adjust for differences in age and in income level.

Expected Future Change in Giving Relative to Income,
By Recent Past Change in Itemization Status
(Survey Research Center sample only)

	Percent Who Expect Their Giving To Go Up At Least As Fast As Their Income		Number of Cases[b]
	Unadjusted	Adjusted[a]	
Started itemizing	44%	36%	140
Stopped itemizing	27	29	71
Always itemized	30	30	688
Never itemized	22	25	187

---

a. Adjusted for differences in income and age since younger people and those with upper-middle incomes were more likely to expect to increase their giving at least as fast as their income rose.

b. Includes givers of $100 or more only.

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These data on the reported past and future changes in giving are consistent with the hypothesis that those who had stopped itemizing had already adjusted their giving close to the non-itemizer level, while those who had started itemizing still had some upward adjustments to make to get up to the level of those who had been itemizing all along.

Tax Effects on Current Giving

Finally we turn to actual giving in relation to the tax situation faced by the household. The most important tax influence is of course the possibility of itemizing and deducting charitable contributions in arriving at income subject to federal income tax. For those who itemize, the tax saving from deducting a dollar depends on their "marginal tax rate," the fraction of the last dollar taken in taxes. Our respondents professed not to know their own marginal tax rates, and without more information than could be collected in an interview, our own estimates are rough. What we *can* know is whether they were itemizing their deductions.

It is usually assumed that other deductible expenses, like mortgage interest, property taxes, other state and local taxes, account for most of the deductions and determine whether it pays to itemize. But for some people, it can be the giving to charity that makes the total deductions large enough to make it worthwhile to itemize them, so we could not infer that itemizing caused the giving. Furthermore, there are three reasons why itemizers may appear to give more when they really do not: First, the act of itemizing may induce better record keeping and more complete recall of amounts given so that the apparent larger giving of itemizers may partly be a function of the forgetting of the non-itemizers. Second, within each reported income bracket the itemizers may be closer to the upper limit of the range and the non-itemizers closer to the lower limit with differences in their giving reflecting real income differences within the range. Finally, if some people under-report their incomes, those within any one income group who admit to itemizing may contain more of those who are understating their income and who may not be understating their giving.

Table 24

Average Giving By Income and Whether Itemized

Income	Itemized	Did Not Itemize
Less than $4,000	$ 119[a]	$ 69
$4,000 - 7,999	215	89
$8,000 - 9,999	314	117
$10,000 - 14,999	407	201
$15,000 - 19,999	600	329
$20,000 - 29,999	800	354
$30,000 - 49,999	1,564	171[a]
$50,000 - 99,999	5,679	3,190[a]
$100,000 - 199,999	17,106	816[a]
$200,000 - 499,999	39,763	8,892[a]
$500,000 or more	71,316	5,000[a]
All	$ 775	$ 140

a. Based on fewer than 25 observations.

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In spite of all these qualifications, the differences in average giving, within relatively narrow income bands, between those who do and do not itemize, are so large as to imply there must be a substantial tax incentive to charity. (See Table 24)

To investigate the possibility that the differences between itemizers and non-itemizers reflects the effects of other variables that happen to be correlated with both itemizing and giving, we can simultaneously estimate the effects of itemizing and many other things on giving, using multiple correlation. Since income is so highly correlated with giving, the safest way to do this is to examine not dollar giving but giving relative to the average level of giving in that income group. (We actually examined both.) This procedure allows us to measure the effects of other things such as tax sensitivity, the use of tax shelters (even to the extent that the household finds the minimum tax provisions applying), and personal involvement, indicated by giving of time as well as money. To explore the effects of recent changes in itemization, we use only the Survey Research Center sample where such changes were reported. (The base "expected giving" numbers are reported in Appendix III. We reduce the effects of income and of possible errors in reporting income, or in the meaning of income, by distinguishing two age groups in the income group over $50,000.)

Those who had started itemizing were giving more (relative to their income group) than non-itemizers; but they had not increased to the levels of those who had always been itemizing. Those who had recently stopped itemizing were giving almost as little as those who had never itemized. (See Table 25) This fits with our previous analysis of reported past and expected changes in giving. It would seem that it takes longer to build up to a higher level of giving with a new tax incentive than to cut down when the incentive is removed.

Table 25

Ratio of Actual to Average Giving by Whether Itemized Deductions and Changes in Itemization[a] (Survey Research Sample only)

Whether Itemized Deductions on Federal Income Tax and Change in Itemization (during last five years)	Unadjusted	Adjusted by Multiple Regression		Number of Cases
		b	c	
Never itemized	.71	.72	.71	637
Started itemizing recently	.80	.98	.99	250
Always itemized	1.42	1.37	1.37	853
Stopped itemizing recently	.88	.79	.79	138

a. Average based on mean giving of the income group (and age group for incomes over $50,000).

b. Adjusted for correlations of itemization with age, sex-marital status, assets, education, and number of dependents.

c. Adjusted for all the above plus religious preference, percent poor in the county, index of tax sensitivity, percent affluent in the county, how long lived in the same neighborhood and whether knows own tax rate.

Note: The implications of these ratios is that there is a substantial lag in the effect of itemization changes, those who recently started having moved only two fifths of the way toward the behavior of long-time itemizers, and those who recently stopped having moved about seven eights of the way toward the behavior of non-itemizers.

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It is worth noting that itemizers are also more likely to be giving volunteer time than are non-itemizers. Similarly, their wives are more likely to be doing volunteer work and, if they do, tend to devote more hours to it than wives of non-itemizers. These differences persist even after adjustments (by regression) for other factors like income, age, and education.

We reported earlier that only a fifth of the sample gave potentially correct estimates of their own marginal tax rates. There was a slight difference in giving between them and those who did not indicate reasonable knowledge of their own tax rates, the informed giving 5 percent more relative to those in their income group than the uninformed.

Our index of tax sensitivity (see Appendix IV, Variable 527) had even less association with the ratio of actual to expected giving, accounting for only 1 percent of its variance. On the other hand, the fact of itemization did seem to matter and, although there are some reasons to expect a partly spurious relationship, there are other reasons why our procedure understates it. (Taking ratios to average giving for that income level is similar to removing the income effect, a procedure known to produce a downward bias in the estimates of the effects of anything else correlated with income.)

Combined Samples

Using a similar ratio of actual to expected giving (for one's income group) but for the combined samples, we can look at the effects of tax shelters and capital gains on giving. Table 26 shows that giving is substantially lower for those to whom the minimum tax provision applied. Presumably, they had so many other ways of reducing income subject to tax that they did not need to make charitable contributions for this purpose. On the other hand, those with business interests, or tax shelter investments, or realized capital gains or losses appear to have given more than one would expect relative to their incomes.

Table 26

Ratio of Actual to Expected Giving by Whether Minimum Tax, or Tax Shelters, or Capital Gains

	Unadjusted	Adjusted by Multiple Regression[a]	Number of Cases
Minimum tax provision applied[b]	0.82	0.48	113
Did not hit minimum tax provision but had an interest in oil or gas properties, real estate, or similar (tax shelter) investments	1.50	1.04	661
Neither of the above but had an interest in a partnership, unincorporated business or farm, or had realized capital gains or losses	1.45	1.18	377
None of the above	0.82	0.92	1,583

a. Adjusted for age, whether filed and/or itemized, assets, knowledge of marginal tax rate, number of dependents, sex-marital status, tax sensitivity, length of time in neighborhood, education, and amount of volunteer time head and wife gave.

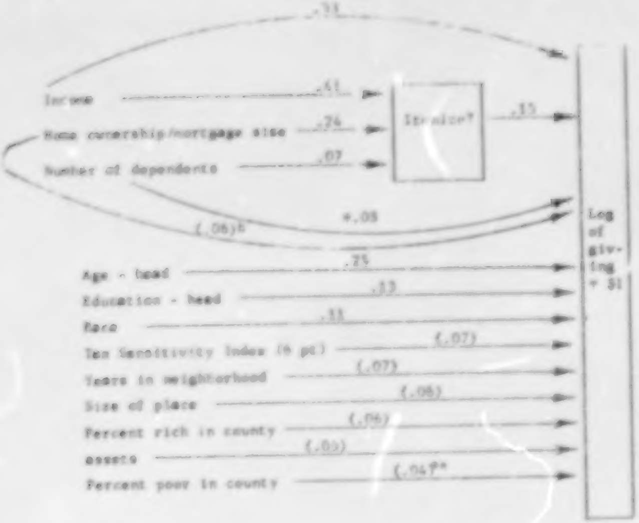
b. Asked in Census sample only.

A Path Analysis

We have a set of influence paths which need to be put into an explicit model. Figure 8 shows a model where income level, number of dependents, and the ownership of a home with or without a mortgage all affect whether the household itemizes its deductions, and where itemization and many other things, including income level,

Figure 8

Path Prediction of Log of Giving + $1[a]


.31
Income
.61
Home ownership/mortgage size
.26
Number of dependents
.07
Itemize?
.15
+.05
(.06)b
Log of giv-ing + $1
Age - head
.25
Education - head
.13
Race
.31
Tax Sensitivity Index (6 pt)
(.07)
Years in neighborhood
(.07)
Size of place
(.08)
Percent rich in county
(.06)
assets
(.05)
Percent poor in county
(.04)b*

( ) Not significant

a. Numbers shown are normalized regression coefficients.

b. Not systematic in expected direction. The direct effect of mortgage size is not regular. Those with no mortgage give more than renters. Those with a small mortgage give more than those with no mortgage, but those with a big mortgage give less than those with a small mortgage. (See Table II-12) Similarly, giving does not increase with each increase in percent poor in the country.

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Table 27

Effect of Home Ownership and Mortgage Size on Giving (Based on the normalized regression coefficients of Figure 8)

	Probability of Itemization	Indirect Effect Through Itemization[a]	Direct Effect on Giving[a]	Total Effect on Giving[a]
Rent	.33	-.10	-.14	-.23
No mortgage[b]	.34	-.05	-.01	-.05
Low mortgage[b]	.56	.04	.20	.24
High mortgage[b]	.63	.09	.08	.17
Itemized			.37	
Not Itemized			-.30	

a. Effect measured as percentage departure from mean of log giving.

b. No mortgage: gross and net house values same bracket.
Low mortgage: gross house value one bracket above net.
High mortgage: gross house value more than one bracket above net.

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number of dependents, and home ownership, affect giving. We use log giving because of the skewed distribution and extreme cases, but the numbers on the figure are scale-free (normalized) regression coefficients indicating the strength of the various influences. Where it takes two arrows to get there, the product of the two numbers reflects the indirect influence operating *through* itemization with its attendant price effect.

Thus, the number of dependents increases the likelihood of itemizing and hence encourages giving that way, but it also appears to have a direct positive effect on giving (perhaps because people with children are involved in church and community affairs and end up giving money too.)

Similarly, income has a direct effect and an indirect one through its effect on itemizing. Specifically, the indirect effect of income is the product of the .41 effect on itemizing and the .15 of itemizing or .06 which adds to the direct effect of .33 for a *total* effect of .39. Of course it also has an effect on the marginal tax rate for itemizers, but that cannot easily be disentangled in these data.

Finally, we can spell out the direct and indirect effects of home ownership and the existence and size of a mortgage (with deductible interest) on giving (Table 27). Interestingly enough, it appears that a high mortgage, as opposed to a low one, leads directly to less giving but leads indirectly to more giving by inducing itemization which in turn increases giving.

Summary

Overall, the picture even among those with wealth and high incomes is of a great deal less tax sensitivity and a great deal less interest in charitable bequests than one might have expected. Some are giving assets to their children; the bulk of the estate is apparently intended to be inherited by a wife and allowing her more of it tax free would simply lead to routing more of the estate through the widow to the children.

We see much less sophistication and calculated consideration of tax effects than is often alleged to exist. This finding is similar to what we found a decade ago in interviewing upper-income people about their portfolio decisions and decisions about work.[10] There we concluded that they were much less concerned with avoiding income tax than with making money and getting things done and that the only place their concern with avoiding taxes seemed to appear was in turning their estate over to others.

There seem to be two points at which serious tax effects might be expected. One is the lower middle income groups where the opportunity to itemize at all is changing as the standard deduction is increased, raising the "price of charity" to 100 percent. The other is among the few very wealthy people who have foundations or are thinking of setting up foundations.

III

OTHER MOTIVES AND COMPETING GOALS

The future of philanthropy depends not only on tax policy but also on the maintenance of other motives for altruism. Indeed, the substantial amount of giving by people for whom there is no tax benefit indicates that other less selfish motives must be at work. We approach the assessment of motives partly by direct questions on attitudes and purposes and partly by implication from the types of donees, and from the correlation of giving with characteristics that might represent purposes or motives. The variety of approaches safeguards us from undue dependence on respondents' own explanations which may be unreliable, or superficial. We start with some expression of motives.

Expressed Motives

We asked an introductory series of questions which were mainly intended to focus the respondent on the topic of charitable giving and get him thinking and talking about it. As might be expected, a lot of people had difficulty in articulating their reasons for giving to specific organizations and for refusing others. Nevertheless, their answers provide some indication of the aspects of charitable giving that are most salient to them. As noted earlier, the spontaneous responses of tax reasons were very rare, indicating that they are not very salient to respondents. Other considerations, such as change in family income, or in the needs of organizations, are mentioned much more often.

The proportion of respondents saying they get a lot of requests for contributions, and get more requests than a few years ago, rises dramatically with income. (See Table 28) All people were able to respond to the question: "Do some organizations do things you feel are particularly important and worth supporting?" The distribution of types of organizations mentioned was:

Religious	16%	Social welfare	24%
Combined - United Way	9	Cultural	1
Community organization	18	Public affairs	1
Health and medical	58	Environmental	1
Higher education	2	International	13
Education	2		

Table 28

Attitudes Toward Giving, by Income

1973 Total Family Income	Respondent Says He: Gets Many Requests For Contributions	Gets More Requests Than Earlier	Refuses Some Organizations	Feels Pressure to Contribute
Less than $10,000	50%	50%	54%	16%
$10,000-19,999	63	57	65	21
$20,000-29,999	80	55	76	22
$30,000-49,999	85	63	82	27
$50,000-99,999	93	71	86	39
$100,000-199,999	93	74	85	36
$200,000-499,999	96	73	83	32
$500,000 or more	99	81	89	28
All	59%	53%	62%	19%

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Table 29

Reasons for Refusing Organizations, by Income (percent who refuse)

1973 Total Family Income	Respondent Refuses Because: Fund Raising, Administration Costs Too High	Solicitation Objectionable, Including High Pressure	Dislikes Goals	Fund Does Poor Job	Does Not Need The Money	Other Things More Important	Does Not Know About Fund	Insufficient Income
Less than $10,000	5%	16%	12%	16%	8%	22%	4%	23%
$10,000-19,999	7	19	12	21	10	24	15	6
$20,000-29,999	13	26	17	19	6	18	17	3
$30,000-49,999	9	12	14	15	9	29	21	3
$50,000-99,999	11	19	19	14	6	23	27	1
$100,000-199,999	15	20	13	14	11	26	26	3
$200,000-499,999	13	17	24	14	7	32	16	1
$500,000 or more	6	16	14	28	15	20	19	0
All	7%	18%	13%	19%	9%	23%	13%	12%

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However, when we asked if there are some types of organizations they refuse, 62 percent of all people named some – the higher the income the higher the incidence of refusals. (See Table 28.) When asked about the types of organizations they refuse, lower-income people tend to refuse religious organizations, middle-income people refuse community organization requests, and higher-income people refuse social welfare, environmental, and international organizations.

The reason most often given for refusing charitable requests was that the respondent thought that other charities were more important; some 23 percent gave that reason. (See Table 29) Another 13 percent said they did not know much about the charity, and 12 percent did not have the money. All these reasons indicate that respondents had some competing charitable commitments; they were not necessarily *against* the charities they refused, but they were more strongly in favor of others.

On the other hand, there were a large number of people who mentioned negative aspects of the particular charities whose solicitations they resisted; 19 percent thought they did not do a good job, 18 percent that solicitations were too high-pressured or otherwise objectable, and 7 percent that they spent too much on administration and fund raising. There is no particular income pattern to reasons for refusals except that low-income people say more often that they do not have the money.

Around 30 percent of higher-income people feel that they are pressured into giving more time or money than they really want to (Table 28). The types of pressure described follow some interesting income patterns (Table 30). People with income below $30,000 more often mention that there is a quota at work or the money is taken out of their pay check; this presumably refers to United Way drives. They also complain about receiving unsolicited merchandise and mail and telephone requests. People with income from $30,000 to $200,000 mention the pressure of direct solicitation, especially by friends or associates. People with incomes over $50,000 complain that "they keep bothering me." Internal pressure, such as "everyone is expected to," or "they couldn't get anyone else," and guilt were mentioned with similar frequency among all income groups. (See Table 30)

Attitudes of Those Who Gave $100 or More

Givers of $100 or more were asked some additional questions. With regard to the timing of contributions, lower-and middle-income people tend to give when the charity makes the requests, while more people with incomes over $50,000 say they give at the end of the year. (See Table 31) The latter possibly balance the immediate needs of the charity with their own convenience and tax considerations. High-income givers are slightly more likely to have an annual giving goal.

These two pieces of evidence indicate that higher-income people (and large givers) have a conscious plan for their charitable contributions, while other people seem to take each request as it comes and act on it according to their opinion of its merits.

In response to a direct question, 30 percent of givers in all income groups said there were some things they did not like about the way their contributions were used. As for the specifics, 13 percent freely mentioned excessive fund-raising or administrative costs, 7 percent said that money did not get to the people who need it, and 4 percent alluded to a misuse of funds.

When asked more specifically whether organizations gave them enough information about how the money was used, a third said they would like more information about fund-raising and administrative costs or the amount of money that gets to the people who need it. (See Table 32) When we posed the direct question, "What

Table 30

Types of Pressure Felt by Respondent, by Income (percent of those mentioning pressure)

1973 Total Family Income	Internal:	External:			
	Am Expected To; Need Me; Guilt	Direct Solicitation	Indirect - Mail, Telephone, Merchandise	Quota At Work	"They Bother Me"
Less than $10,000	12%	14%	12%	17%	22%
$10,000-19,999	13	18	16	31	13
$20,000-29,999	18	13	13	26	20
$30,000-49,999	16	25	20	9	13
$50,000-99,999	5	21	19	4	32
$100,000-199,999	10	25	9	4	27
$200,000-499,999	14	13	5	8	42
$500,000 or more	4	4	4	0	60
All	14%	16%	14%	23%	18%

The questions were: "Do you sometimes feel that you are pressured into giving more time or money than you really want to?" (IF YES) "Can you give me an example?"

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Table 31

Contribution Decisions, by Income (givers of $100 or more only)

1973 Total Family Income	Timing of Contributions		Amount Decisions	
	When Requested	End Of Year	Annual Total	Merit Only
Less than $10,000	50%	1%	25%	61%
$10,000-19,999	51	1	22	67
$20,000-29,999	51	4	20	70
$30,000-49,999	57	2	21	74
$50,000-99,999	50	11	22	69
$100,000-199,999	45	15	24	66
$200,000-499,999	31	21	32	54
$500,000 or more	38	9	26	56
All	51%	2%	23%	66%

The questions were: "Do you make your gifts whenever the various requests come in, or at certain times of the year, or what?" "Do you have some total amount which you feel you should give annually, or do you just make decisions on each gift on its own merit?"

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Table 32

Attitudes Toward Disclosure, by Income

1973 Total Family Income	Would Like More Information	Information Wanted: Amount Spent On: Fund Raising	Information Wanted: Amount Spent On: Administration	Information Wanted: Allocation Of Money	Information Wanted: Amount Of Money Going To People	Information Wanted: How Fund Uses Money	Charities Do Not Tell Amount Spent Fund Raising	Charities Should Disclose Fund-Raising Costs	Respondent Would Still Contribute If 50% of Donations Went For Fund-Raising Costs
Less than $10,000	26%	1%	5%	6%	4%	14%	63%	87%	12%
$10,000-19,999	37	3	11	9	8	14	71	90	11
$20,000-29,999	34	4	12	11	6	11	67	91	8
$30,000-49,999	33	5	11	10	11	6	66	93	11
$50,000-99,999	25	4	11	6	5	8	59	94	5
$100,000 199,999	24	4	11	8	7	5	55	89	6
$200,000 499,999	21	7	8	2	5	7	51	85	9
$500,000 or more	25	8	12	1	10	2	55	96	5
All	33%	3%	9%	9%	7%	13%	67%	90%	10%

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about the amount they spend for fund-raising – do they tell you how much that is?" two thirds admitted they did not; people with income above $50,000 were a little more likely to know.

Nearly all respondents thought that organizations should be required to reveal their fund-raising costs. However, it would appear that respondents have unrealistically low estimates of acceptable fund-raising costs; almost 40 percent of them said that such costs should use up less than 15 percent of a charity's receipts (Table 33), and higher-income people are even more unrealistic. Clearly, if charities are required to reveal their fund-raising and administrative costs, someone will first have to either educate the contributors as to reasonable levels of those costs or else reduce the costs.

Table 33

Acceptable Percent for Fund-Raising Costs, By Income (givers of $100 or more only)

1973 Total Family Income	0-4%	5-9%	10-14%	15-24%	25-49%	50%+	DK, NA
Less than $10,000	4%	6%	20%	12%	27%	5%	26%
$10,000-19,999	4	8	29	18	23	3	15
$20,000-29,999	4	8	29	26	17	3	13
$30,000-49,999	4	11	34	21	17	4	9
$50,000-99,999	4	13	32	26	14	3	8
$100,000-199,999	5	14	36	21	7	3	14
$200,000-499,999	5	17	30	20	7	6	15
$500,000 or more	2	14	33	32	8	0	11
All	4%	8%	27%	18%	23%	3%	17%

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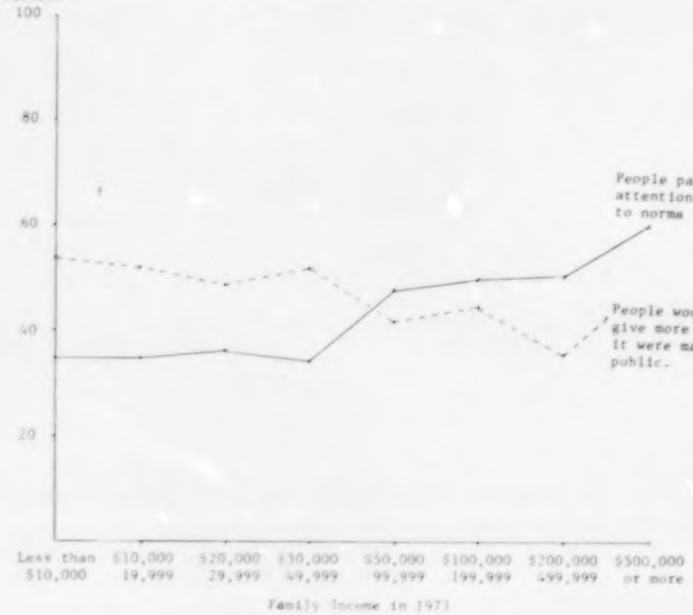
Norms

About a third of all people (more among high income) think that people pay attention to what other people give. (See Figure 9) This may give credence to the theory that large pacesetter donors are important for fund raising. More than half of all people thought that people would give more if it were made public; curiously, this view prevailed slightly more among the lower-income groups. Perhaps high-income donors are irritated by publicity of their giving.

Figure 9

Attitudes Toward Effects of Norms and Publicity, by Income (givers of $100 or more)



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Personal Involvement

As noted before, the contribution of money tends to go with the contribution of volunteer time. For each dollar gift asked about in detail, we probed for the reasons the respondent gave to that charity. In addition, we asked whether he had served on any of its committees in the last five years and whether he personally knew anyone involved in running the organization. (The analysis in this section uses the money gift instead of the household as the unit of analysis. That is, for each gift of money (or property) to an organization, up to a maximum of four per household, we explore the reason for donating and the respondent's ties to the recipient organization.)

When most people were asked directly why they gave money to a certain charity, they not only were unable to give an answer, but many also implied that they had never thought about their own charitable motives: "Why do I give to the church? I really don't know. Why *do* I? . . ."

Most people said that they gave money because they approved of the organization's goals. (See Table 34) Another motive was receiving some benefit from the charity, such as giving to a school because someone in the household went there, or even giving to a health organization when a family member or friend had the disease. Some benefit was mentioned by nearly half of the donors of gifts to higher education and over a fifth of health, community, other education and cultural organization donors. Pressure or a quota was freely expressed as a motive only for gifts to combined appeals such as the United Way. The motivation for nearly half of religious gifts was merely that "We belong there."

Table 34
Reasons For Giving, by Donee Organization[a]
(Givers of $100 or more only. Percent, sums of first and second mentions to "Why did you give to this organization?")

Organization	Approve, They Need Money, Feel Obligated	Get Some Benefit	"Belongs"	Pressure, Quota	Other DK, NA	Number of Gifts
Religious	69%	8%	44%	2%	6%	1649
Combined	66	4	2	25	15	750
Community, other	77	21	8	3	14	480
Health	53	27	2	6	24	686
Higher education	66	44	3	2	19	441
Other education	74	29	2	0	17	133
Social welfare	77	13	2	1	16	293
Cultural	75	21	8	0	12	107
All	67%	13%	23%	5%	13%	4,339

a. Each dollar gift treated as one unit. Two reasons for giving to the organization were allowed. For example, of all the gifts to religious organizations, 69 percent were donated because the respondent said he approved of the organization or felt obligated.

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Table 35
Reasons For Giving, by Size of Individual Gift[a]
(Givers of $100 or more only. Percent, sum of first and second mentions to "Why did you give to this organization?")

Size of Individual Gift	Approve They Need Money Feel Obligated	Get Some Benefit	"Belongs"	Pressure Quota	Other DK, NA	Number of Gifts
Under $20	49%	13%	1%	7%	34%	252
$20 - 49	61	16	5	10	19	343
$50 - 99	70	22	11	11	11	414
$100 - 199	71	12	21	5	12	772
$200 - 499	71	10	37	2	7	896
$500 - 999	71	9	42	1	3	544
$1,000 - 4,999	66	11	47	2	6	721
$5,000 or more	81	18	23	1	2	347
All[b]	67%	13%	23%	5%	13%	4,539

a. Each dollar gift treated as one unit. Up to two reasons for giving to the organization were allowed. Among all donations less than $20, 13 percent were given (at least partly) because the respondent got some benefit.
b. Includes 250 gifts, the sizes of which were not ascertained.

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The distribution of expressed motives did not vary much with income, but it was related to size of gift. (See Table 35) People who gave amounts under $100 or over

$5,000 were most likely to say they got some benefit, and gifts under $100 wer more often felt to be coerced by a quota or external pressure.

Clearly, we do not get very profound answers to the question of motives wit these direct queries. Therefore, we must supplement the scant information receive from these directly expressed reasons by making some inferences about probabl motives from other evidence.

As noted before, total dollar giving tends to be correlated with total time giving When we look at each dollar gift individually in relation to volunteer time (b income, organization, and size of gift groups), some different patterns emerge: 2 percent of all dollar gifts were accompanied by some committee or board voluntee activity in the last 5 years, and in another third of the money donations, the dono at least knew personally someone who was involved in running the organization These proportions are positively related to income; they are even more strongl related to size of the gift – over 90 percent of the gifts of $1,000 or more wer given to charities where the donor either helped run it or knew someone who did. (See Table 36) There is a large variation in the relationship between giving money and time among different types of organizations; over a third of the people who give money to a church participate in running it or they are likely to know someone who runs it. (See Table 37) Money donations to higher education and other education are likewise usually accompanied by volunteer time. But, dollar donations to combined appeals, health organizations, and social welfare charities were less often accompanied by time donations.

Table 36

Proportion of Dollar Gifts Where Donor Also Involved With Charity, By Size of Individual Gift[a]

(givers of $100 or more only)

Size of Individual Gift	Served on Committee	Knows Administration
Under $20	3%	10%
$20 - 49	8	16
$50 - 99	14	25
$100 - 199	16	44
$200 - 499	28	45
$500 - 999	55	36
$1,000 - 4,999	69	26
$5,000 or more	56	40
All[b]	24%	33%

a. Each dollar gift treated as one unit. Among all gifts of $5,000 or more, 56 percent of the donors had served on a committee of the organization in the last five years, and another 40 percent at least knew someone who was running the organization.

b. Includes 250 gifts, the sizes of which were not ascertained.

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The fact that some types of organizations are more likely to be receiving both time and money has implications for the possible effects of tax policy. We stated earlier that if new policies discourage (or encourage less) the giving of money, a

Table 37
Proportion of Dollar Gifts Where Donor Also Involved With Charity, by Donee Organization[a]
(givers of $100 or more only)

Donee Organization	Served on Committee	Knows Administration
Religious	37%	45%
Combined	11	20
Community, other	23	27
Health	6	15
Higher education	24	42
Education	38	38
Social welfare	3	14
Cultural	15	35
All	24%	33%

a. Each gift treated as a unit. Among all gifts to higher education, 24 percent of donors had served on a committee in the last 5 years, and another 42 percent knew someone running the organization.

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secondary discouragement of volunteer work might also follow. But if the organizations that are getting both time and money contributions represent the donors' most vital and important commitments, they may be the last to suffer. Money contributions may mostly be reduced elsewhere. In that case, the secondary effects on volunteer time may be relatively small because the money giving would be reduced much less in the very places where time giving goes along with it.

The main reasons given for increasing or decreasing dollar giving to specific organizations were change in family income or needs, changes in the perceived needs of the organization, or change in interest in the organization. Very few people (9 percent of increasers) mentioned receiving benefits or pressure from the organization as a reason for changing their donations to it.

Clearly, an important correlate of money donations is having some sort of personal involvement with the charity or the purposes of the charity, whether it is through volunteer work, through receiving past benefits such as attendance at a school, or through the more remote ties of having a friend or relative who suffered from the disease the organization is fighting.

Implied Motives

Since we are frequently not conscious of our motives or even unbiased in our self-appraisals of why we do things like give to charity, it is useful to see whether purposes and motives can be inferred from behavior or from related attitudes. We shall look first at *where* people's time and money are given, since the purpose of giving to a church is clearly different from giving to one's college. Second, we look at some things which affect the cost of giving, such as paid time off, or out-of-pocket costs of giving time, or the opportunity cost, for example, the possibility of earning more by working for money instead of volunteering. Third, we examine the relationship between time and money giving, after a brief look at attitudes toward the tax exemption of property used for religious or charitable purposes.

Type of Donee

The nature of the organization to which an individual gives says somethin inferentially about that individual's motives for giving.

The percent of total giving that goes to religious organizations declines fairl dramatically with income (See Figure 2). Adjustment for the effects of ag education, and family size changes the numbers only slightly and the shape and rat of decline not at all. There is a slight increase in the percent of giving that goes t religious organizations with increasing age and a slight decrease with increasin education, but both of these effects vanish when adjustment is made for incom The percent of giving that goes to religious organizations increases with increasin family size (a sunday school syndrome?) and adjustment for income increases th effect, as bigger families have higher incomes.

The percent of giving that goes to higher education increases with income; but, o course, the incidence of college attendance increases with income. The percent give to different types of donee are displayed in Table 38. The lack of income trend in th percent of giving that goes to health and medical organizations is deceptive since w assigned the same code to gifts to hospitals and to mass-appeal health organizations It is often asserted that the lower-income groups provide a disproportionate share o gifts to mass-appeal health organizations, while hospitals receive their support fro the rich.

Table 38

Shares of Giving[a] to Different Types of Major Donee[b], by Income Level

Income	Religion	Education Higher	Education Other	Combined Appeals	Medical and Health	Culture	Other Major	Not Identified[c]	Total
$0 - 9,999	59%	1%	0%	2%	3%	0%	2%	33%	100%
$10,000-19,999	67	1	0	3	3	0	4	22	100
$20,000-29,999	59	2	1	5	4	0	10	19	100
$30,000-49,999	42	5	7	6	3	3	6	28	100
$50,000-99,999	16	9	1	10	11	4	19	30	100
$100,000-199,999	10	14	5	9	10	5	6	41	100
$200,000-499,999	8	27	6	10	11	6	8	24	100
$500,000 or more	9	24	3	6	6	9	16	27	100
All	46%	3%	2%	6%	5%	2%	8%	26%	100%

a. The shares here are computed differently from Figure I-2. Here the number shown is $\frac{\text{Total Gifts to Donee Type by Income Class}}{\text{Total Gifts by Income Class}}$ where in Figure I-2 the number plotted is Average for Income Group of $\frac{\text{Individual Gifts to Religion}}{\text{Individual Total}}$

b. See Appendix IV, attachment I, for the coding instruction used to allocate specific organizations to major donee categories.

c. Information as to donee was obtained only for the four major gifts of each donor; therefore additional giving could not be allocated to donee categories.

ncentives for Giving Time and the Choice between Time and Money

If a person donates time to an organization, the cost of the gift to him depends n what else that time could have been used for. We have assumed in valuing time iven that an alternative was to earn money. Since that earned money would be ubject to tax, the value of the time given is already tax exempt. For those who temize, the result is the same whether they give time or use the time to earn noney which they give (tax free) to charity. For those who do not itemize deducions, however, there is a tax on money they earn and give to charity, but not on he value of time given. People who call for *added* deductibility of the value of time iven to charity clearly do not understand that it is already tax free.

For some, however, their cost of time given may be more or less than the value f the alternative work for money. There may be ancillary out-of-pocket costs for asoline or babysitters or materials, on the one hand, or paid time off from the job n the other. So we asked about paid time off wherever a husband or wife was iving time, and we asked about ancillary costs where the wife was doing volunteer vork.

Paid time off was rare. Only 6 percent of the household heads who gave time ndicated that any part of it was paid time off from a job; for two thirds of them he amount of time involved was less that 50 hours. Only 1 percent of the wives doing volunteer work said any of it was paid time off from a job, and, again, the mounts were trivial. Clearly, volunteer time is predominantly a gift by the worker, not by an employer or corporation.

For wives doing volunteer work, out-of-pocket costs were common but not ubstantial in amount. Over half reported some such costs. They amount to some 760 million for the survey year. (This is a very rough estimate dominated by a few ases extrapolated to population totals.)

Whether giving time really has a cost in foregone earnings depends on whether he individual actually has an opportunity to work more hours (for money) than he urrently does. So we asked working heads of households:

> Do you have opportunities to earn additional income by working more or taking on extra work?

Table 39
Head's Volunteer Time by Alternative Opportunity to Earn More Money

Hours of Volunteer Time Per Year	Not Working	Working But Could Not Work More	Working And Could Work More
None	76%	69%	62%
1 - 49	9	12	14
50 - 199	8	11	11
200 or more	6	7	10
Not ascertained	1	2	3
	100%	100%	100%
Number of cases	564	1,261	956

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Somewhat less than half the working heads and 46 percent of all household heads, including those not in the labor force, said they had such opportunities. Table 39 shows the relationship between volunteer hours and the existence of such earning alternatives (and of an opportunity cost in money of giving the time).

Clearly it is not the chance to spend the same time earning money that keeps people from volunteering: those with such opportunities do *more* volunteer work rather than less. Those who do volunteer work are at least as likely to be working full time (2,000 hours a year or more) on their job as those who do not give free time.

Respondents were asked about opportunities their wives had for earning additional income, whether or not their wives were currently working:

Working wives:	Was there more work available so that your wife could have worked more in 1973 if she had wanted to?
Non-working wives SRC sample:	Was there work available so that your wife could have worked for money in 1973 if she had wanted to?
Census sample:	Did your wife consider working for money in 1973?

Table 40

Volunteer Time by Opportunity to Work More

Hours of Volunteer Time Per Year	Working Wife Could Have Worked More	Working Wife Could Not Have Worked More	Non-Working Wife Could Have Worked	Non-Working Wife Could Not Have Worked[a]
None	49%	60%	54%	63%
1-49 hours	23	17	17	14
50-199 hours	17	14	16	10
200 hours or more	9	4	10	11
Not ascertained	2	5	3	2
All	100%	100%	100%	100%
Number of cases	461	400	437	716

a. Or, in Census version, "Did not consider working."

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Table 40 again shows that it is the women with competing opportunities to earn more money who are the more likely to be giving their time to charitable organizations as well. The differences are small, but they certainly indicate that working for money does not compete substantially with volunteer work.

As with the husbands, there is little difference in the volunteer work of wives who are working full time compared with those who are not.

We pointed out in Chapter I that giving time and giving money tend to go together. Since they are alternative ways of giving and since the *relative* price differs for non-itemizers who can give tax-free time but not tax-free money, one might expect some tendency for non-itemizers to give relatively more time and less money. However, there are such vast differences between people in their levels of giving of *both* time and money that it would require careful analysis to find substitutability even if it existed.

Table 41 gives the general pattern, as though giving of money and property (relative to average for one's income level) depended on the amount of time the husband and wife (if any) were giving. It is clear that those who are giving time are also mostly giving more money, even when we take account of income in ranking money giving.

The Relationship between Time and Money Giving

A more detailed examination of the relationship between the giving of money and of time can be done by taking the time as a ratio to "expected," that is, the average for one's education group and then correlating the [illegible] ratios to see whether

Table 41

Ratio of Actual to Expected Money Giving (for Income Level), By Amount of Time Given by Head and Wife

Ratio of Giving to Expected	Hours of Volunteer Time Per Year							
	None	Less than 50	50-99	100-199	200-499	500-999	1000 or more	All[a]
Less than .25	35%	22%	15%	17%	10%	12%	10%	27
.25-.49	39	28	22	20	16	14	4	31
.50-1.49	17	36	42	32	39	28	15	25
1.50-2.99	7	11	14	17	18	13	30	10
3.00 or more	2	3	7	14	17	33	41	7
	100%	100%	100%	100%	100%	100%	100%	100%
Number of cases	1,131	435	203	285	366	163	56	2,802

a. Including some where amount of time given was not ascertained. MTR 192 T8

the correlation is negative (and the fitted line slopes down rather than up). (See Appendix III for the construction of both the relative money and relative time variables.) Where there is a wife, we average the two ratios of "time to expected time" for the husband and wife. The result of an extensive search is that there are no subgroups where the relationship is negative. There are groups where both types of giving are higher than for other groups, but the relationship between the two within each group remains positive, and even across groups, the relative levels for the most part remain stable. Table 42 gives the average ratios and the regression slope (effect

Table 42

Relative Money Giving and Relative Time Giving By Tax Status, by Education of Head and by Age of Head

Tax Status	G/G: Ratio Of Giving to Average for Income Class[a]	T/T: Ratio of Time Given to Average for Education Class[b]	Change in G/G If T/T Changes (Regression Slope)
Non-filers	.57	.48	.06
Filers and did not itemize deductions	.62	.65	.26
Itemizers	1.28	1.14	.30
Education of Head			
Not a high school graduate	.85	.67	.28
High school graduate	.93	.81	.24
College graduate	1.19	1.03	.44
Advanced degree	1.22	1.10	.44
Age of Head			
18-34	.57	.58	.21
35-44	.91	1.09	.31
45-54	.96	.84	.20
55-64	1.27	.84	.43
65-74	1.08	.80	.37
75 or older	1.58	.72	.14

a. Ratios greater than 10 truncated to 10.

b. Averaged for head and wife (if wife present).

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of giving time on giving money) for three tax-status groups. Non-itemizers and non-filers have an incentive to give time which is "tax exempt" rather than money which is not; yet they show about the same mix of time and money as the itemizers.

Indeed, the itemizers, for whom giving money as well as time is tax exempt, are nearly as far above average in their time giving as in money giving, while the others, who might be expected to substitute the tax-exempt time for the taxable money, seem to be farther below average in time given than in money given.

The same table shows that people with more education give more time *and* more money; and, within each group, the more time an individual gives, the more money he or she gives. The regression slope is steeper for the more highly educated but perhaps only because of different variances in amounts.

With different age groups, however, we have different patterns or mixes of time and money (Table 42). There is a tendency for older people to give more money, relative to their income, but not to give more time, relative to their education. The fact that families cut back their time giving as they get older but do not reduce their dollar giving, relative to their income, is hardly a substitution of money for time in response to price differences.

Figure 10 shows pairs of groups—one of which itemized, the other of which filed and did not itemize—and gives the average ratio of money giving to expected (the average for the individual income group) and the ratio of time given to expected (the average for the education group), the latter averaged for head and wife where a wife was present. Very large money giving ratios were truncated at ten times expected to avoid distortion. Looking first at the full sample, the average itemizer gave 14 percent more time than expected and 28 percent more money, while the average non-itemizing filer gave 55 percent less than the expected amount of time and 38 percent less than the expected amount of money. One could hardly have come closer to perfect complementarity, which is represented by a 45 degree angle on the figure.

Other major subgroups which differ greatly in their overall level of giving both time and money are also plotted. For the older (55+) higher income ($10,000 or more) the money given appears to be affected more than the time by itemization status, but they still both move in the same direction.

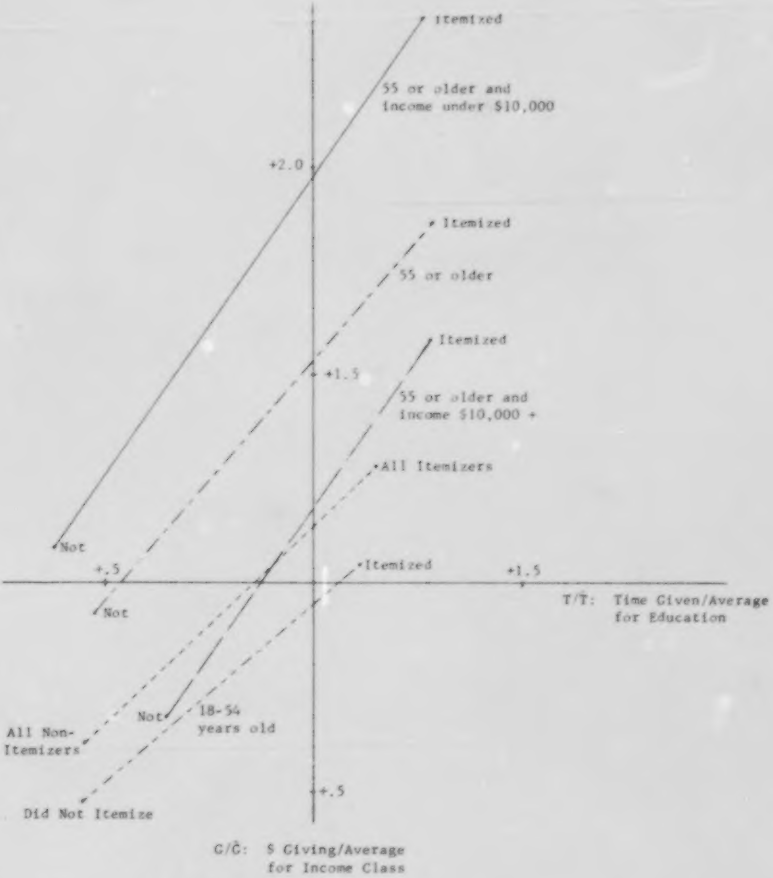
Within each of the groups there is also a positive correlation between the relative money given and the relative time given, except for the older, upper-income, non-itemizers, of whom there are only 95, where there is a nonsignificant negative correlation.

All this long-run complementarity between giving time and money does not prove that in the short run discouraging the giving of money will also discourage giving time. Certainly for a few who understand the economics and have real opportunities to substitute time for money, the "substitution effect" might at least partially offset the complementarity, but it is at least credible that because of both imperfect substitutability in the short run and psychological complementarity in the long run, discouraging giving money may also have a social cost in less volunteer time.

Statistical estimates using "least squares" procedures are subject to distortion from extreme cases, yet the aggregate effects and estimates need to take account of the few large givers of time or money, and transformations such as logarithms face difficulties with zeroes. So in addition to examining the unadjusted ratios we tried (1) truncating ratios greater than ten to make them equal to ten, then (2) eliminating the zeroes to see whether the correlation between giving more money than expected and giving more time than expected would be higher or lower for those who were doing both. If there were substitution of one for the other, it might be expected to be among those who were doing some of both.

Figure 10

Patterns of Giving: Money and Time, by Itemizing Status for Various Subgroups



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Truncating the large givers reduces the high ratios of the itemizers and the better educated and the particular age groups where giving of money or time are greatest, but it does not alter the pattern that the groups that give relatively more money give relatively more time as well, nor the impression that as people get older they continue to give even more money, relative to their income, but give less time. (See Table 43)

Looking only at those who give both some money and some time, however, shows that the age pattern results from fewer giving any time at all among the older respondents. Those who do give time seem to be giving increasingly more. Among the 42 people 75 years old or older who are giving both time and money, there is a weak, nonsignificant, negative association between the amount of time and the amount of money given relative to expectations. But the overall pattern of positive relationships holds for those who do some of both kinds of giving (Table 43).

Table 43

Effects on Complementarity Substitution Patterns of Truncating the Top or Eliminating the Zeroes

Age	Slopes (Increase In Giving/Expected As Time Given/Expected Rises)			Average Money/Expected			Average Time/Expected			Ratio of Average Ratios Money/Time		
	Ratios	Not Truncated		Ratios	Not Truncated		Ratios	Not Truncated		Ratios	Not Truncated	
	Truncated At 10	All	Non-Zeroes Only	Truncated At 10	All	Non-Zeroes Only	Truncated At 10	All	Non-Zeroes Only	Truncated At 10	All	Non-Zeroes Only
18-34	.21	.15	.12	.57	.60	1.08	.58	.66	1.64	.98	.91	.66
35-44	.33	.21	.18	.91	.93	1.42	1.08	1.33	2.57	.84	.70	.55
45-54	.20	.13	.08	.96	.97	1.30	.84	.93	1.87	1.14	1.04	.70
55-64	.43	.26	.19	1.27	1.32	2.12	.84	1.00	2.40	1.51	1.32	.88
65-74	.37	.26	.27	1.08	1.14	2.02	.80	.92	2.89	1.35	1.26	.70
75 +	.16	.11	-.07	1.57	1.74	2.92	.72	.87	3.49	2.18	2.00	.84

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The complementarity of time and money may be at least partly on the organization or demand side. Some things require manpower rather than money—advisory boards, solicitors, teachers. Indeed, we asked people who did give time:

> Do you sometimes volunteer time to religious or other charitable organizations when you would rather give money?
>
> (IF YES) Why do you continue to give time?
>
> If you gave the money instead, would the organization pay someone to do the work, or would they still rely on volunteers?

Seventeen percent (234 cases) said they did give time when they would prefer to give money; their reasons were largely that they were expected to do it or someone had to. Eight out of ten of them said that if they did not give the time the organization would still rely on volunteers rather than pay someone to do the work.

At the upper income levels, a similar differential price for giving time and money arises for whose who for one reason or another cannot use charitable deductions to reduce their taxes further. There are others who have appreciated property they can give to charity with greater advantages than giving money. If time and money were substitutes, the first group might be expected to give less money but more time, and the second group to give more money plus assets and less time. In fact, as Table 44 shows, those who have found the minimum tax provision applying give less money, but they also give less time in almost the same ratio; and those with special categories of income which imply the ownership of appreciated assets give more money, but they also give more time.

Table 44
Relative Money Giving and Relative Time Giving
By Tax Situation and Sources of Income

	G/G Ratio of Giving to Average for Income Class	T/T Ratio of Time Given to Average for Education Class	Change in G/G if T/T Changes (Regression Slope)
Minimum tax provision applied[a]	.81	.86	.07
No, but had an interest in real estate or other properties (tax shelter) investments	1.57	1.75	.27
No, but had an incorporated business, farm or partnership, or realized capital gains or losses	1.55	1.46	.05
None of the above	.82	.74	.18

a. Asked of Census sample only.

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Summary of the Relationship between Time and Money Giving

We can think of individuals substituting time for money, or money for time, in their giving, or we can think of groups facing different situations giving more time rather than money, or vice versa. We have systematically ransacked the data looking for both individual and group substitutions. Individual substitutions should be evidenced by a negative correlation between time and money given, at least after we

Table 45

Attitudes Toward Property Tax Exemption of Buildings Used for Religious or Charitable Purposes
(Excludes non-filers; Survey Research Center sample only)

Attitude	No Preference	Baptist	Methodist	Episcopalian	Presbyterian	Lutheran	Jewish	Other	Catholic	All
Good idea	43 %	68 %	65 %	60 %	56 %	57 %	52 %	62 %	69 %	63 %
Bad idea	40	17	19	31	22	30	30	23	16	21
Pro-con	4	6	5	16	5	4	3	5	7	6
No opinion	13	9	11	5	17	9	15	10	8	10
Number of cases	100	267	238	51	103	142	89	311	420	1887

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removed the effects of income on money giving and of education level on time given and reduced the possibility of other spurious positive correlations between giving time and giving money, by looking at narrowly defined population subgroups. Group substitution should be evidenced by finding some groups that are relatively large givers of money, compared with their giving of time, and others that are large givers of time rather than money.

The results are an impressive case for the complementarity of giving time and money. If there are "substitution effects" from different tax treatment of the two for non-itemizers, they are overwhelmed by the powerful differences between people and between groups in their general altruism, expressed in time and money and perhaps by the need of organizations for both time and money gifts.

Tax Exemption of Property Used for Religious, Educational, or Charitable Purposes

While it is clearly not wise to make public policy with polls, particularly in complex issues, it did seem useful to assess popular attitudes toward one tax subsidy, not to individual givers but to organizations directly and not from the federal government but from local governments. In the Survey Research sample only, we asked:

> As you know, there is no property tax on buildings used for religious or educational or charitable purposes. Do you think this is a good idea or a bad idea?

The question was restricted to property used for defined purposes, not property owned by charitable organizations engaged in some profit-making pursuits unrelated to their ostensible purposes. Some of the latter is taxed anyway, and a majority might be expected to favor taxing it.

Actually, a substantial majority favored a continuing exemption of property used for charitable purposes, and this was true of those in every religious denomination except the Episcopalians. It was not that Episcopalians were so much more likely to say it was bad; they were more likely to give qualified answers, saying it depended or was both good and bad. Among those few (100 cases) who claimed to have no religious preference, omitting those with no opinion, or qualified answers, there were still slightly more favoring the exemption than opposing it. (See Table 45)

It should be kept in mind that people are more likely to favor something that already exists than some proposed new thing, and generally more likely to favor things than oppose them. But there is clearly no substantial opposition to the present subsidy of good works through exemption from local property taxes.

Other Motives for Giving Inferred from Correlations with Actual Giving

We have already covered in some detail in Chapter II the tax-related motives and in the present chapter the motives given by direct questions on attitudes, purposes, involvement and those implied by the mix of donees and the complementarity of time and money giving. What is left is an examination of some other characteristics associated with the level of relative giving.

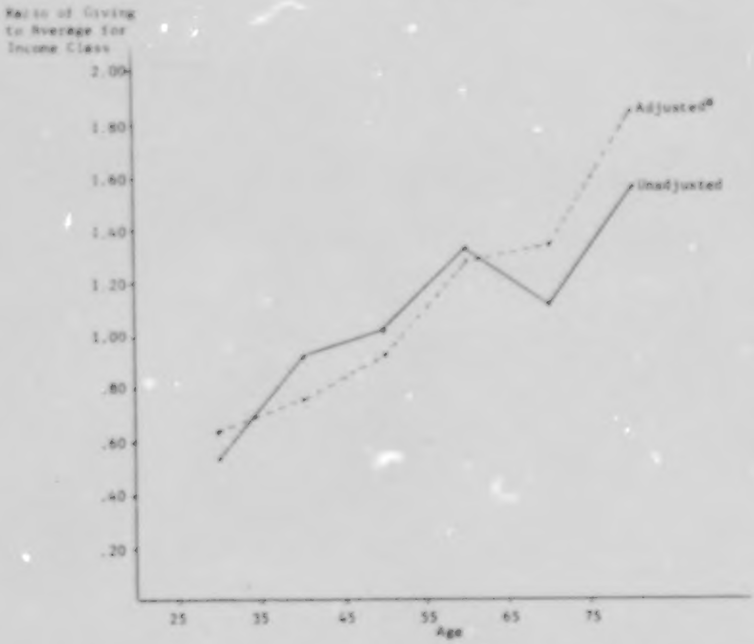
Giving/Expected Related to Various Characteristics

Since income is the most important determinant of giving, we again use as our measure not absolute giving but the ratio of each household's annual contribution to the average for their income group, estimated from the same survey data. We use our best estimate of giving, though preliminary analysis with other estimates and with the Survey Research Center sample only indicate that the results do not depend on minor adjustments of the data. (See Appendix III for the two sets of averages used, the second from the Survey Research Center sample only, to be used when we want to look at questions asked only in that sample.)

We have already noted that age and education are also related to giving, though the latter mostly affects the giving of time. Figure 11 shows the age pattern, which becomes stronger and more systematic after adjustment for other characteristics related to age. In particular, the unadjusted data hide some effect because older people are less educated, but education is associated with more giving. (Older people also have lower income, but that effect was already taken care of by looking not at absolute giving but giving relative to others in the same income group.)

Figure 11

Relative Giving by Age of Head



a. Adjusted for the effects of assets, education, number of dependents, sex/marital status of head.

Explanatory power before adjustment (eta^2) = .043
Explanatory power after adjustment ($beta^2$) = .051

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If income, age, and education are indicators of ability, capability, or visibility, marital status and family size might be considered indicators of competing demands on income or competing responsibilities. In fact, however, single men give less, relative to their income, but single women do not. While families of three and four

Table 46

Ratios of Giving to Average for Income Class Unadjusted and Adjusted by Correlation, by Length of Residence, Education and Family Size

	Average Ratio	Average, Adjusted for Other Related Characteristics
How Long Lived in Present Neighborhood		
Two years or less	.71	.99
3-5 years	.86	.98
6-10 years	.97	.90
11-20 years	1.01	.90
More than 20	1.18	1.01
Explanatory Power (eta squared and beta squared)	.015	.001
Education of Husband or Single Head		
Not a high school graduate	.88	.96
High school graduate	.94	.94
College graduate	1.20	1.06
Advanced degree	1.29	1.01
Explanatory Power (eta squared and beta squared)	.007	.001
Number in Family[a]		
1-2	.99	.96
3-4	.84	.93
5-6	1.13	1.09
7 or more	1.18	1.03
Explanatory Power (eta squared and beta squared)	.005	.001

a. Includes dependents living outside the household.

(including outside dependents), who have children in most cases, give slightly less than smaller families, it is the largest families who give the most, relative to their incomes. (See Table 46) Adjustments for other characteristics again reduce the effect to insignificance.

Another kind of family obligation—having children in private or parochial schools (with tuition to pay)—had no apparent effect on current giving nor did the expectation of having to provide more support for parents or other relatives. (The question was: "Do you have parents or other relatives who may need more financial help from you in the future?")

What else seems to matter? We saw earlier that giving time to organizations is associated with giving money, but it is also true that those who give time helping individuals outside the household also give more money to charitable organizations. Those who give money to nondeductible organizations like political parties also give more (relative to their income, remember) to deductible organizations. Indeed, the average ratio of giving to expected (for income group) is 1.41 for those who say they give to nondeductible causes and 0.92 for those who say they do not.

Background Factors and Dynamics

While we cannot untangle the dynamics of becoming altruistic, if that is what the increased giving with advancing age implies, we can ask whether family background or childhood experience had any persistent effect on current giving.

Age can be interpreted in various ways—as an indicator that other demands on income (for children's education, retirement, and so forth) are decreasing, as a separation of historical generations which may differ and indicate real permanent changes passing through the population, or as the putting down of roots and the development of habits of giving. If the higher giving of older people simply reflects the accumulation of commitments from living a long time in the same area, one would expect that people would give more the longer they had lived in the same neighborhood. Table 46 shows that although they do, the effect is substantially reduced by taking account of age differences and some other characteristics. There is no apparent association, even generally, between giving and the number of different states or countries our respondents reported they had lived in.

The unadjusted data seem to indicate that college graduates give 20 percent more and those with advanced degrees 30 percent more, even allowing for their higher incomes. Adjustments for other things reduce this effect substantially (Table 46).

There are some characteristics that can be assumed to indicate that the reported income for 1973 was not an ideal measure of ability to give. (We have already dealt with characteristics associated with tax advantages.) For example, the unemployed gave less and the retired more than their income would call for, presumably because of the added uncertainty the unemployed face and the fact that the retired do not have to save out of current income for their retirement. Those with substantial assets gave more, presumably because assets provide security in addition to the income they produce (or perhaps because in any reported income group those with more assets might have a higher income than those without them). Age also is associated with accumulation of assets but, even more than with education, adjustment for age and other characteristics reduces the estimated asset effect to insignificance.

Growing up on a farm seems to be associated with larger current giving, 25 percent above average, but it appears to be small-town background that is associated with below-average giving, not growing up in a big city. Where the family now lives—large city or small—appears to have no relationship to the current level of giving.

Perhaps the most obvious question is whether people learn the habit of giving from their parents. So we asked:

Survey Research Center sample:	Did your parents contribute regularly to religious or charitable organizations when you were living with them?
Census sample:	When you were growing up, did your parents contribute regularly to charitable or religious organizations?

Those who said "yes" also reported slightly more giving (1.05 percent of expected versus 0.88), but the difference is not statistically significant.

Parents may also set standards of consumption which would compete with philanthropy, so we asked:

Were your parents poor when you were growing up, pretty well off, or what?

Again, the differences were in the direction one would expect if parental income set standards for consumption, rather than philanthropy, but they were statistically not significant:

Parents were:	Average Ratio of Giving to Expected	Number of Cases
Poor	1.05	1198
Average, it varied	1.00	953
Pretty well off	0.85	529

Similarly, those with very well educated fathers could be expected to give less if the education led to affluent standards of consumption, or more if it led to higher standards of responsibility for others. In fact, those whose fathers were college graduates gave 0.81 of expected, while those whose parents had an advanced degree gave 1.31 of expected.

Finally, in the Survey Research Center sample only, we asked how often the respondent went to church when he was growing up. Those who said they went more than once a week were currently giving 1.39 of the average for their income groups.

Environmental Influences and Reference Groups

We have already noted that current place of residence (city size) seems to have no effect on giving. We introduced four measures relating to the county in which our respondents lived on the hypothesis that they might have something to do with the needs for local philanthropy or with the standards and norms of local giving. The measures were: (1) the percent of families in the county with incomes below the official poverty level for families of their composition, (2) the percent of families in the county with incomes over $25,000, (3) the expenditures of the local governments per capita, (4) the percent of the local government expenditures that were for welfare. (See Appendix IV, variables 537-546 for a description.)

While the results are again at the borderline of statistical significance, they form a meaningful pattern: People tend to give more in counties with more poor families and less in counties where there are many high-income households. They tend to give less in counties where local government expenditures per capita are larger and where the fraction of those expenditures that are for welfare is larger.

Apparently need matters, but having high-income people around does not set higher standards for others' giving. Perhaps governmental responsibility is a substitute for private responsibility. Of course, a great deal of philanthropy is not redistribution to the poor, so one would not expect these relationships to be strong.

Finally, whether it be considered family background, environmental influence, or a "reference group" effect, religious preference might be expected to affect giving, even when we include non-religious giving. The question was asked only in the Survey Research Center sample because of government prohibitions about sensitive questions. Actually, the differences in giving, relative to income, were small. The Episcopalians and members of smaller Protestant sects gave more than expected, by about 30 percent, the Catholics less by about 17 percent, and those with no religious preference or "other" (Hindu, Moslem, etc.) gave 39 percent less.

Another Look At Variables Other Than Income, Age, and Education

Almost every variable that one might think of for explaining charitable giving is correlated with income, age, or education – or all three – so we must either analyze all factors simultaneously or ask whether the additional explanatory variables can explain any residual differences that could not be attributed to income, age, or education. We have reported earlier some analysis that takes account of income by looking at giving relative to the average for each household's income class, and some analysis that takes account simultaneously of other things by a multiple regression on that same "relative giving."

As a final assessment of a whole range of possible hypotheses and a rather tight test, we have done multivariate analyses of money given, head's time given, and wife's time, where the dependent variable in each of the three analyses is the unexplained residual after removing the effects of income, age, and education.[11]

We first correlated each of the three "giving" variables with income, age, and education categories simultaneously, then for each household calculated the difference (residual) between the value predicted by the regression equation and the household's actual giving.

The residuals were adjusted in two ways to avoid statistical difficulties. First, since giving of money or time cannot be less than zero and since a regression that assumes additive effects of income, age, and education ignores this restriction, some "predicted values" can be negative. The problem is less serious with categorical predictors (income classes rather than dollar income), but it still remains. We have used the traditional "limited dependent variable" approach of treating all predictions less than zero as zero. If a household has such low income, age, and education that the equation would have predicted them as giving −$50 but they actually gave $10, we treat this as an unexplained deviation in giving of +$10, not +$60. A similar adjustment was made in the case of the two measures of volunteer time.

Second, in the case of money, but not time, there are such vast differences in scale and such extreme values that least squares statistical procedures tend to be dominated by a few extreme cases. Those cases often involve conceptual or measurement difficulties as well—an unusual year, for instance. Hence any residual deviations in dollar giving larger than +$15,000 or smaller than −$15,000 were changed to +$15,000 or −$15,000, leaving those households represented but not dominating the results.

The results are impressively conclusive. (See Table 47) Using the same 2[illegible] predictors to explain each of the 3 residuals yields an adjusted R^2 of only .002 for dollar giving, .026 for head's time, and .051 for wife's time (Table 47), that is, we explain zero, 3, and 5 percent of the remaining variance.

We have already discussed the pattern of effects of income, age, and education and need not repeat that. The interpretation of the other candidates for explaining giving requires that for those with some visible net explanatory power (beta-squared) in accounting for the residuals, we examine the *pattern and direction* of the effects.

We start with the giving of money: The effect of itemizing deductions is as expected and might be considered a low (downward biased) estimate of the aggregate effect. The difference in the residuals between itemizers and non-itemizers ($94 unadjusted and $149 after adjustments for 23 other characteristics including home ownership) implies a $3 billion to $5 billion effect on giving, if we assume that the half of the households who itemized in 1973 were to lose that right and behave like the other half who did not.

Those who report they qualified for the minimum tax provision (had preference income or so many deductions that they would not have had any tax to pay except for that new provision) were giving nearly $1,000 less than ordinary households, both before and after adjustments, but they were considerably less than 1 percent of all households.

None of the other 22 characteristics of respondents or their environments had any statistically significant effect, and even the borderline effects were not systematic and regular. Whatever it is in people's experiences, environment, or personalities that accounts for the substantial differences among similarly placed households in their giving, it is not being measured in those variables.

When we look at time given we account for substantially less of it with the basic income, age, and education variables, and there are several other characteristics that do seem to matter. (However, the differences reported here are mostly small and at the borderline of statistical significance.)

The larger the family (including outside dependents) the more time the head gives to volunteer work, but in families with three to six members the wife gives less time than in smaller (mostly childless) families, or in families of seven or more. Presumably the wife has less free time when there are only small children around.

Table 47

Net Explanatory Power of Various Variables in Predicting Dollar and Hour Giving

Predictor	Dependent Variable		
	Dollar Giving	Head's Time	Wife's Time
Income	.220	.009	.016
Age	.004	.009	.018
Education	.001	.022	.017
(Adjusted R^2 =)	(.220)	(.044)	(.047)
	Residual Dollar Giving	Residual Head's Time	Residual Wife's Time
Tax Variables			
Itemize/not	.005	.000	.007
Tax shelter/minimum tax[a]	.005	.003	.007
Tax credit would affect	.002	.003	.002
Matching grant would affect	.000	.001	.001
Background Variables			
Grew up farm, city, etc.	.003	.006	.003
Father's education	.003	.006	.013
Parents contribute?	.002	.003	.007
Parents poor or rich	.001	.000	.001
County Variables			
Percent poor	.003	.002	.006
Percent rich	.001	.004	.009
Local government expenditures	.002	.005	.009
Percent above to welfare	.006	.004	.002
Other Variables			
Assets	.003	.001	.006
Head's occupation	.003	.005	.015
Head's annual work hours	.001	.005	.009
Wife's annual work hours	.002	.001	.005
Time spent helping individuals	.002	.003	.015
Family size	.001	.010	.006
Where live now (farm, city, etc.)	.003	.004	.003
Head's sex/martial status	.001	.011	.000
Years in neighborhood	.001	.001	.010
Home ownership/mortgage[b]	.001	.002	.003
Parents need future help?	.001	.002	.002
Children in private school?	.000	.000	.000
(Adjusted R^2 =)	(.002)	(.026)	(.051)

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a. A category for each of the rows in Table 26.
b. Each of first four rows in Table 27.

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The amount of time spent helping individuals outside the household had little systematic effect on the time spent helping organizations, though those reporting no such time gave somewhat less organizational time as well.

Both head and wife give more time when the head grew up on a farm, if the head reports that his father was poor, or if the head's father was a college graduate. They both seem to give slightly more time now if the head's parents were *not* remembered as contributing regularly to religious or charitable organizations when the head was growing up.

Where the head is not working at all, both give more time, particularly the wife. A wife's labor market work tends to reduce her volunteer work but not her husband's. (He does not, apparently, cut back on volunteer work to help with the housework.)

In higher-income counties, both husband and wife give less time, and they also give less time where there are fewer poor in the county. The effects of differences in local government expenditure per capita, or the proportion of those expenditures that are for welfare, are not systematic.

In line with our general findings of complementarity of money and time, households itemizing their deductions for federal income taxes report more volunteer time by both head and wife, particularly the latter, and those who qualified for the minimum tax (preference income and other deductions) report that both head and wife gave less time. (Remember that these effects are after one has taken account of income, age, education, and many other characteristics.)

Summary

People are not clear about their own motives in giving; it seems obvious to them that they are giving time and money to worthy causes. We can tell more about purposes and motives from observing the types of charities to which they give money or time and the degree to which they are involved in giving time to help direct the organization or to help it in other ways. Once we get beyond the tax incentives and the other economic and demographic forces, we find some background influences and some current environmental factors with marginal effects on giving. But there remains an altruistic syndrome, differences in the level of which we cannot explain. What is clear is that various forms of philanthropy go together—giving money, giving time to organizations, and spending time helping individuals. The only change in the mix seems to be a tendency for older people to give relatively less time and more money. An open question remains whether this reflects differences between the generations, or merely the effects of individual aging.

IV

SUMMARY AND RECAPITULATION

The purpose of this study was to provide insight into who gives what to whom and why. What kinds of people—young or old, affluent or not—give money, property, or time to religious, charitable, or educational organizations? A major focus of the research was on the impact of recent and proposed changes in the tax laws on giving. Since much of the giving comes from the affluent, two national samples each oversampled, in different degrees, those with higher incomes. The 2,917 responses are re-weighted to preserve unbiased estimates.

While our prime concern is with distributions, shares, and allocations of giving by donees, and the reasons and information on which these gifts are based, we have made some estimates of aggregates as well. We have occasionally attempted to infer the purposes and motives of givers, even though this is not an indepth psychological study.

Almost everyone in this country gives something to religious or charitable organizations, and in about half the households someone contributes time as well. With 69 million households, the result is a large aggregate, some $26 billion of money and property given and some 5.9 billion hours of time, 2.7 billion of those hours volunteered by wives.

People tend to give money in relation to their income, so Table 48 shows average giving in dollars. Figure 12 gives the *percent* of income given, before and after the tax deduction of charitable gifts. Of course, in every income class some give nothing and a few give a great deal, but the averages still tell us something about national norms.

Table 48

Average Amount Given Per Household, by Income

1973 Total Family Income	Average Amount Given per Household
$0 - 3,999	$ 75
$4,000 - 7,999	122
$8,000 - 9,999	208
$10,000 - 14,999	327
$15,000 - 19,999	523
$20,000 - 29,999	720
$30,000 - 49,999	1,455
$50,000 - 99,999	5,552
$100,000 - 199,999	16,988
$200,000 - 499,999	38,950
$500,000 or more	70,501

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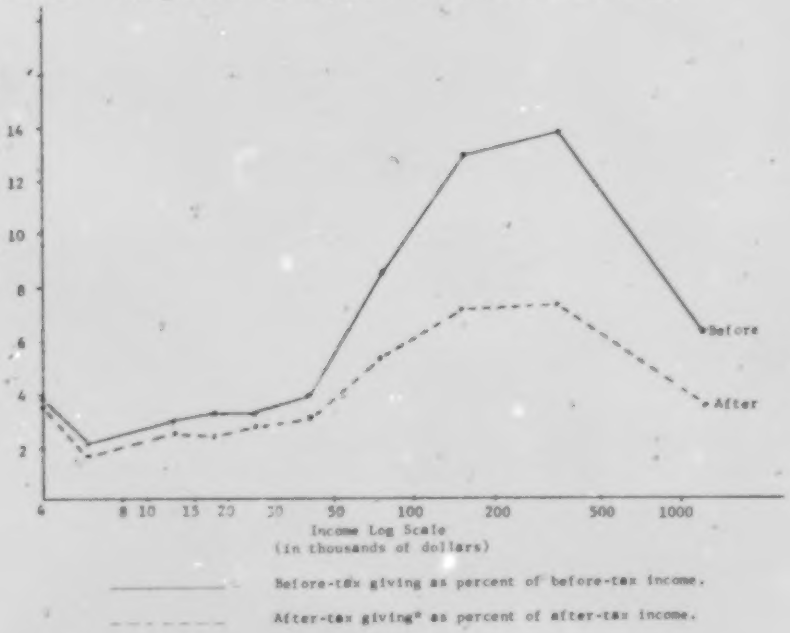
Figure 12

Giving As A Percent of Income: Before and After Tax Deduction



*Gross giving x (1 - marginal tax rate)

NOTE: The apparent downturns at incomes over $500,000 should be viewed with caution as the small number of observations, possible measurement errors, and extreme sensitivity to the mean income figure used as base all combine to make the estimates unreliable.

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The substantial differences in giving between young and old are summarized below by showing how much the average gift of Table 48 tends to be raised or lowered depending on age:

Age	Adjustment of Giving Norm
Under 35	Down 31%
35-44	Down 24
45-54	Down 3
55-64	Up 30
65-74	Up 36
75 or older	Up 87

Combining these age adjustments with Table 48 allows 66 different norms, for example:

Income $12,000 leads to expected giving of $327.

But, if age is also 60, then expected giving is $425 (1.30 x 327).

Volunteer time depends much more on education than on income, so national norms can be described best using averages by education level, then adjusting them depending on the family income. The variation within groups is still greater, because half give no time, and only a third of the households have a wife who gives time. The average hours per year are:

Education of Husband or Wife	Hours Per Year	
	Husband or Single Head	Wife
Not a high school graduate	25	61
High school graduate	46	56
College graduate	97	81
Advanced degree	118	92

These norms can be adjusted for household income as follows:

Income	Adjustment for Volunteer Time Norm
Less than $10,000	Down 23%
$10,000 - 19,999	Up 6
$20,000 - 49,999	Up 63
$50,000 - 99,999	Up 77
$100,000 - 199,999	Up 94
$200,000 - 499,999	Up 92
$500,000 or more	Up 190

The average gift may be huge at upper income levels, but there are not very many people giving such gifts. Indeed, the vast bulk of the dollar giving comes from the middle-income people:

Income	Percent of Households	Percent of Aggregate Giving	Percent of Total Time Given By Heads	Percent of Total Time Given By Wives
Less than $10,000	49 %	16 %	21 %	25 %
$10,000-19,999	39	38	40	46
$20,000-49,999	13	25	25	25
$50,000 or more	1	21	4	4
		100%	100%	100%
Aggregates	69 million	$26 million	3.2 billion hours	2.7 billion hours

The better educated give more time:

Education of Husband	Percent of Households	Percent of Aggregate Time (Head and Wife)
Less than high school	40 %	15 %
High school graduate	44	40
College graduate	10	26
Advanced degree	6	19
	100%	100%

We can put dollar values on volunteer time, and if we value people's time by what they are earning on the job (or could earn), the concentration of dollars worth of time is moved up the income scale a bit.

The burden of giving is more unequal within income groups than between them. The average percent of income given does not vary much between income groups, particularly if it is calculated after the tax savings from the charitable deduction. But the shares of giving by size of the gift are quite concentrated:

Amount of Money Given	Percent of Households	Percent of Aggregate Giving
None	12 %	0 %
$1 - 99	36	5
$100 - 499	30	18
$500 - 999	12	19
$1,000 - 4,999	9	35
$5,000 or more	1	23
	100%	100%

Volunteer time is even more concentrated: Nearly half the households give none, but a third of the time comes from the 2 percent of households who give 500 hours or more in a year:

Amount of Time Given	Heads of Households		Wives (If Married)	
	Percent of Households	Percent of Aggregate Volunteer Time	Percent of Households	Percent of Aggregate Volunteer Time
None	70 %	0 %	59 %	0 %
1 - 49 hours	12	5	18	5
50 - 99 hours	5	7	8	10
100 - 199 hours	6	17	7	17
200 - 499 hours	5	37	6	35
500 hours or more	2	36	2	33
	100%	100%	100%	100%

One might think that some people would give money and others would give time, depending on which was more plentiful for them, but in fact the two tend to go together. This is also true between groups—if one group gives more time than another, it also tends to give more money. Between pairs of groups, one of which contains people who itemize deductions and the other people who do not, the tax advantages of giving money exist for one group and not the other. Those who itemize give more money, but here again they also give more time, by an almost equal proportion.

Within every subgroup we could think of looking at there was a positive association, the individuals who gave more time were likely to be giving more money as well. The large givers tended to be busy middle-aged people with children to care for.

Tax Considerations

Most people get help with their income taxes, but few get it from lawyers or accountants. Perhaps as a result very few know their tax rate on the last dollar earned, or their tax saving from giving another dollar to charity. Mostly they only know whether they can get some advantage from itemizing. Of course, very high income people are somewhat more likely to get expert help and a little more likely to know their tax rates. But when we asked the Census sample whether changes in the tax laws relating to charitable giving had made any difference to them, they usually said "no." Even at incomes over $500,000 only a fourth said "yes."

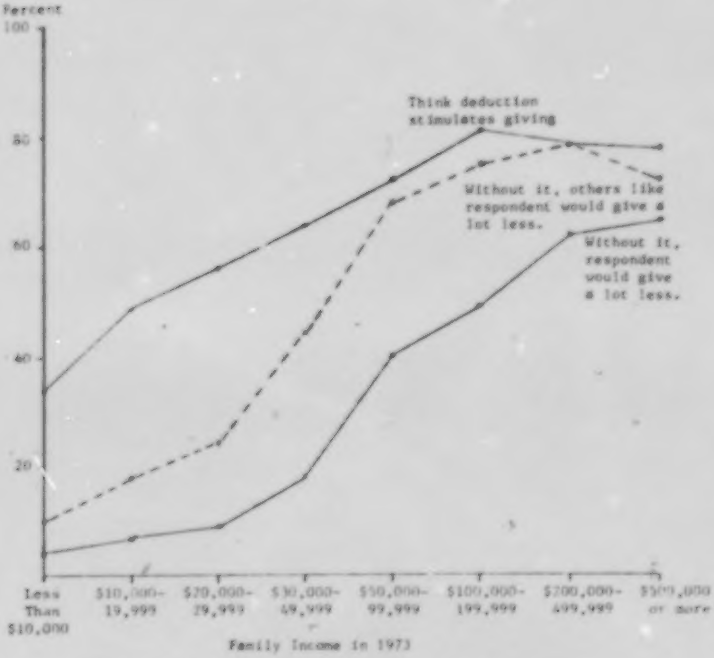
When we asked people whether deductibility encourages their own giving, or that of people in financial situations similar to their own, or giving in general, we got a range of replies that varied depending on how close to home the reference was and how high the income was. Figure 13 shows the spread, and the truth is probably somewhere in the middle.

A sequence of questions on proposed alternatives to the present deductibility of charitable contributions was met with a resounding lack of enthusiasm and even an unwillingness to think through the implications. People who would be affected said the change would not affect their behavior. Others who would be better off with greater tax advantages sometimes said they would give less. Once again, at incomes over $50,000 a year, there was somewhat more sophistication, but not much more enthusiasm.

If people were focusing on the tax advantages of giving, one might expect a reluctance to give to organizations where contributions cannot be deducted.

Figure 13

Popular Opinions of the Effect of Tax-Deductibility on Giving[a]



a. Excludes those who filed no income tax return.

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Actually, not very many people said they had decided against a contribution on that basis. One might also expect people to be affected by the limits on the amount that could be deducted, but most of the few who had reached the limit said that it had not affected their giving.

The most advantageous way of saving taxes and giving to charity—the gift of appreciated assets—was relatively uncommon even within the upper income groups.

When asked to explain past or expected changes in giving, almost no one mentioned tax reasons. However, those who had ceased itemizing in recent years, while claiming for the most part that the change had not affected them, were giving substantially less than itemizers with similar incomes and almost as little as those who had never itemized.

In general, other things being equal, itemizers gave substantially more than non-itemizers. While these differences are subject to some upward biases, and some reverse-causation, it seems clear that the opportunity to deduct is an incentive to giving.

The tax incentive to give to charity can disappear if available deductions or preference income reduce taxable income to zero without any deductions for charity. The average giving of the more than 100 respondents who reported they had run up against the minimum tax provision of the income tax law *was* considerably less, relative to their incomes, than average.

Other Factors

Most people are not ready with facile answers about why they do or do not give. They feel their donees need the money, and that the causes are worthy. When asked, some admit to a feeling of being pressured into giving, particularly by the combined appeal drives.

When respondents mentioned having gotten some benefit from the recipients of their giving, like past assistance or help to a family member, we noted it. These gifts were frequently to higher education, health, community, and cultural organizations.

Personal involvement in a charity, either through past or current service on a board or knowing someone running the charity, was most evident in religious donations. Large numbers of people who gave to community organizations and educational institutions also seemed to have been personally involved in running them. Large money donors seem to be particularly involved in their organizations, though the direction of causation is unclear. It is probable that donors of large amounts are asked to serve on boards, but it is possible that as volunteers become more involved in their organization they also begin to support them with larger money gifts.

About a third of all people (more among high income) think that people pay attention to what other people give. More than half the respondents believe that people would give more if the amounts were made public; curiously, this view prevailed slightly more among the lower income groups. Perhaps high-income donors are irritated by publicity of their charity.

Most of the charitable giving of lower-income families—both money and time—goes to their church. As income rises, people give more to the church, but they also expand the number of other charities they give to and presumably their motives for giving. Thus, the proportion of giving that is religious falls. Tables 49 and 50 provide a breakdown of giving by type of donee organization.

Table 49

Shares of Aggregate Dollars Going to Different Donee Types, By Income

Type of Donee	Income Level Less than $10,000	$10,000-19,999	$20,000-49,999	$50,000 or more	All Incomes
Religion	59%	67%	52%	13%	46%
Education	1	1	6	17	7
Combined appeals	2	3	6	10	6
Health	3	3	4	10	5
Cultural	0	0	1	4	2
Other[a]	35	26	31	46	34
	100%	100%	100%	100%	100%

a. Includes all gifts beyond the four largest.

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Twenty-seven percent of givers found some things they did not like about the way their contributions were used; excessive fund-raising and administrative costs were most frequently mentioned. When asked more specifically whether organizations gave them enough information about how the money was used, a third said

Table 50

Shares of Aggregate Time Given by Head and Wife, By Different Donee Types, by Income

Type of Donee	Income Level Less than $10,000	$10,000-19,999	$20,000-49,999	$50,000 or more	All Incomes
Religion	55%	43%	36%	23%	43%
Higher education	0	1	4	8	2
Other education	2	8	5	9	6
Combined appeals	0	0	1	2	1
Health	6	9	12	21	9
Cultural	0	1	2	5	1
Other	36	38	40	32	38
	100%	100%	100%	100%	100%

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they would like more information about fund-raising and administrative costs or the amount that gets to the people who need it. When we asked directly whether their charities told them about fund-raising costs, two thirds said, "No, they did not." Nearly all respondents thought organizations *should* reveal fund-raising costs. Almost 40 percent of people said that fund-raising costs should be kept under 15 percent of a charity's receipts.

Clearly, more disclosure of the fund-raising and administrative costs of charities is desired by contributors. It is also probable that such disclosure might cause problems for the charities with high overhead costs which some contributors would consider excessive.

Implications for Policy

There are implications in these findings for both public policy as to the tax treatment of philanthropy and the policies of the philanthropic organizations themselves. As is usual in studying human behavior, the facts do not coincide with either of the hypotheses commonly stated.

There are two polar views of the effect of tax incentives on philanthropy. One pictures people as reasonably well informed, sensitive, and responsive to tax incentives to the extent that they might even give more in added contributions than the treasury lost in revenue. The other view pictures people as unaware of the tax effects, concerned with the needs of the donees or their own societal obligations, or giving for a whole set of non-economic reasons. The truth is somewhere in between, as it is revealed in people's attitudes, their information and awareness, and their behavior.

In order for the response to deductibility to be substantial, one would think people would have to be aware of the "price impact." The impact of deductibility of charitable contributions depends on the marginal tax rate because the price of giving a dollar is reduced to (1.0 – marginal tax rate). Our finding that only a fifth of our respondents were able to offer even a plausible guess as to their own marginal tax rates casts doubt on the efficacy of deductibility as a major spur to charitable giving, and particularly on the likely effect of marginal changes in the tax benefits. This impression is reinforced by the further fact that most respondents deny that tax considerations influence their own charitable contributions and almost never mention tax reasons for changes in giving. None of the indicators of tax sensitivity add anything to our statistical explanation of actual giving, either. People find it difficult to think about the implications of alternative tax provisions such as tax credits or matching grants.

Our behavioral evidence is mixed but more indicative of some tax effects. Those who itemize deductions do give more, relative to their income, than those who do not. Those who have recently started itemizing or stopped itemizing appear to be changing toward the long-term behavior of their new status group, more rapidly for those who have stopped itemizing and are giving less. There are reasons to believe that the quantitative estimates of these differences are exaggerated by selection-bias and measurement problems, but they persist when we take account of income, age, education, and many other characteristics. A final statistical estimate, whose downward bias may offset the other upward biases, would lead to an estimate of $3 to $5 billion extra giving from the opportunity to itemize and deduct. (This estimate is based on the assumption that if the right to itemize charitable contributions were eliminated, current itemizers would, other things being equal, give the same as current non-itemizers.)

In addition, tax incentives for money giving may have some secondary impact on the giving of time. Our evidence suggests strongly that giving money is not an alternative to giving volunteer time, but that the two go together. The charities to which people give both time and money may be the ones to which they are the most firmly committed and could be the last to suffer if tax incentives to giving money were reduced or eliminated. In that case, the secondary effect on time given would be smaller than the simple correlations suggest, but the complementarity for both the donors and donees makes it unlikely that increased volunteer time would replace losses in money gifts to any significant extent.

Since the type of donee varies with income, changes in the tax inducements which affect those with modest incomes, for example, raising the standard deduction, seem likely to affect religious giving and perhaps United Way drives, but limiting the tax benefits at upper incomes would affect a much wider variety of cultural, educational, and other activities.

It is also clear that current laws relating to charitable private foundations are discouraging their continuation or formation. For a small affluent group with other ways of reducing their taxable income and, hence, little tax inducement to charitable giving, actual giving appears to be less than average.

Aside from some reported sensitivity to pressures and publicity, the major implications for charitable organizations have to do with disclosure and education on tax effects. There is considerable enthusiasm for better information about the way charitable organizations use their funds and, in particular, about the amount they spend for fund raising and administration. At the same time, normative notions about appropriate levels of such "overhead costs" are such that public education about reasonable levels of such costs, or dramatic reductions in them, would be in order before such disclosure is made on a widespread and systematic basis.

Finally, it seems clear that better public awareness of the tax advantages of charitable contributions and of contributions of appreciated assets would stimulate more giving. Even at upper income levels, there is a substantial need for better knowledge of present tax advantages of giving.

APPENDIX I

SAMPLING, RESPONSE RATES, SAMPLING VARIABILITY, AND POSSIBLE RESPONSE BIASES

The Survey Research Center's sample is an area probability sample designed to represent conterminous United States. (For a detailed description of the sample, see L. Kish and I. Hess, *The Survey Research Center's National Sample of Dwellings*, Ann Arbor: Institute for Social Research, The University of Michigan, 1965.) For this study, areas of higher income were sampled at higher rates than other areas. In addition, half the sample was screened by a few questions at the beginning, eliminating all of some group who, according to their age and education, would be unlikely to have much income and eliminating half of some intermediate groups. The combined probabilities of selection then varied by a factor of 8 to 1, the highest rates for college graduates over 25 in upper-income areas, the lowest for those under 25 or with less than 12 grades of school. Weights are used in all the analysis to take account of these differences in order to produce unbiased estimates. As a result of the screening process, households with incomes over $20,000 are about 24 percent of the sample, whereas that income class includes only 14 percent of all United States households. Of the 1887 responses who revealed or could be assigned income, 64 households have incomes over $50,000, about 3.5 times the number that would be obtained from a proportionate sample of United States families. (See Table A-I-1)

Table A-I-1

SURVEY RESEARCH CENTER SAMPLE, UNWEIGHTED AND WEIGHTED, COMPARED WITH CENSUS CURRENT POPULATION SURVEY DISTRIBUTION OF INCOME

Income	Number of Cases	Proportion of Cases	Weighted Proportion of Sample[a]	CPS Proportions of Households[b]
Less than $4,000	211	11.3%	17.6%	17.5%
$4,000 - 7,999	279	14.9	20.5	20.3
$8,000 - 9,999	191	10.2	11.5	9.7
$10,000-14,999	463	24.2	23.5	22.6
$15,000-19,999	296	15.6	12.3	29.9
$20,000-29,999	271	14.4	9.7	
$30,000-49,999	113	6.0	2.9	
$50,000 or more	64	3.5	1.9	
	1,887	100.1%	99.9%	100.0%

a. Using the weight variable (V484) that adjusts for differential sampling rates in the SRC sample.

b. From United States Bureau of the Census, Current Population Reports, Series P-60, No. 96, "Household Money Income in 1973 and Selected Social and Economic Characteristics of Households," (Washington, D.C.: U.S. Government Printing Office, 1974), Table B, p. 1.

The response rate on the Survey Research Center sample was approximately 75 percent, about average these days for such studies but lower than was being achieved 15 years ago in calmer times.

Sampling "errors" are estimates of the potential departure of sample estimates from the population parameters and might better be called sampling variability, since they are expected to involve fluctuations around the truth, not a systematic bias such as might be caused by response errors. For the Survey Research Center sample, we have calculated some sampling errors for the most important variables and the most important subgroups or pairs of subgroups, since most analysis is comparing two groups, not testing the reports of just one. The differential sampling increases precision as does stratification, but the clustering of the sample addresses to save travel costs decreases precision.

A major advantage of probability samples is that from the sample itself it is possible to calculate a measure of variability, of sample means or proportions, arising because only some rather than all members of the study population have been interviewed. The so-called standard error of a mean is one standard deviation in the (hypothetical) distribution of means estimated from many such samples. The chance that any sample estimate would be more than two standard errors (on either side) away from the true mean, is less than 5 percent. The table below gives illustrative but real sampling errors for average giving for four income groups and for the differences between means for two pairs of income groups. The average giving estimates from the sample for those with incomes $10,000–14,999 is $321, and that is unlikely to be more than $54 from the true average for that income group.

The difference in giving between that and the next higher income group is $87, but that could be as far as $102 from the truth, so we cannot even be sure that the higher income group gives more.

Sampling variability is higher for giving than for age or even income because giving is highly variable from one family to another and because there are some zero givers and some very large givers. Actually by oversampling upper income groups we may end up with larger variability per interview, but more interviews in the crucial higher income groups. Differential sampling fractions almost always increase the "design effect," the ratio of the sample variance to variance from a simple random sample with the same number of interviews, but, it is hoped, lead to a net reduction in sampling errors of the crucial statistics.

SOME MEANS AND STANDARD ERRORS FOR AMOUNTS GIVEN TO CHARITY[a]

Income Level	Average Giving	Standard Error	Difference In Giving	Standard Error Of Difference
$10,000-14,999	$321	$ 27	$ 87	$ 52
$15,000-19,999	408	43		
$20,000-29,999	818	136	120	211
$30,000-49,999	938	133		

Similarly, we can look at the significance of the difference in giving for young and old[a]:

Income $15,000-19,999				
Age: 25-34	$287	$45	$299	$116
Age: 55-64	586	107		

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a. SRC sample only. The means shown here were calculated before some minor errors (1) phony interviews, 2) additional income assignments) in the data set were corrected. Thus, they differ from the means shown in Appendix III and should be treated as illustrative. Also, dollar gifts over $10,000 were not truncated here, but were elsewhere. See Appendix III.

Similar sampling errors can be estimated for 1/0 probabilities:

All:[a]

	Whether Head Gave Time	Standard Error	Difference in Probabilities	Standard Error
Itemizers	.427	.019	.220	.027
Non-itemizers	.207	.015		

If Head Gave:[a]

	Amount of Time Head Gave	Standard Error	Difference in Amount	Standard Error
Itemizers	146 hours	17	21	23
Non-itemizers	124 hours	16		

a. SRC sample only.

Reading down through the data that is *not* presented here, we see that the differences in giving between adjacent income groups are not significant but that the differences between itemizers and non-itemizers within income groups are, as is the difference between two age groups in the same income group. There is a significant difference between itemizers and non-itemizers in the probability that the head gives free time but no significant difference in the amount given by those who give time.

It is impractical to calculate sampling errors for every proportion and average produced in the analysis, much less for every possible difference, particularly since the sampling errors of differences require dealing with the covariance of the estimates being compared as well with their variances. The main purpose of calculating some sampling errors is to establish reasonable bounds on the possible design effects, so that one can use simple random sampling estimates enlarged to allow for the design effect. With the Survey Research Center's sample, an upper bound for standard errors of sample estimates may be obtained by multiplying by 1.4 comparable estimates of standard errors, assuming simple random sampling. However, for many SRC sample estimates the standard errors are less than the upper bound.

Response error, meaning either variability or systematic bias, is always a possibility and there is no way to assess it from the sample data. Do people exaggerate their giving or include non-deductible gifts? Worse still, do those who itemize their donations as deductions remember them better and/or exaggerate them less than those who do not itemize? Our evidence on these matters comes mostly from the willingness of the vast majority of respondents to give us estimates and the fact that we get reasonable patterns relative to income and age. Finally, one can estimate aggregates from the survey and see whether they appear reasonable in light of aggregate estimates from other sources such as the philanthropic institutions themselves or from tax returns. There is almost certainly, based on past experience, some understating of income and probably some overstating of charitable contributions. There will be some people, however, with many small contributions who will understate their total.

The Census sample was drawn from the IRS sample used for the *Statistics of Income* tables. It is already a sample with varying probabilities of selection and was further subselected with a second set of probabilities resulting in rates that vary from 1/12 at the top incomes down to 1/2,500,000 for incomes under $10,000. If the resulting sample were to be weighted by the inverse of the probability of selection of that tax return, some at the top would be assigned miniscule weights. In the meantime, since almost everything is reported separately by income groups, the differential rates serve merely to provide enough cases in each group for stable estimates.

The response rate in the Census sample was 75 percent overall, extremely good considering the number of very high income respondents. (See Table A-I-2) It varied from over 90 percent for incomes between $15,000 and $30,000 to 40 percent in the very highest group. (These estimates were made by the Census Bureau utilizing a procedure that did not involve revealing the IRS income of any individual but merely compared the income distributions of the response and non-response cases.)

Table A-I-2

CENSUS SAMPLE AND ITS BASE POPULATION OF TAX RETURNS

1970 Income	Approximate Number of Business and Nonbusiness Returns[a] (in thousands of dollars)	Number of Sample Cases[b]	Number of Interviews[b]
Less than $10,000	50,607	20	16
$10,000–14,999	14,133	30	29
$15,000–19,999	5,340	38	34
$20,000–29,999	2,677	79	62
$30,000–49,999	909	90	76
$50,000–99,999	351	257	211
$100,000–199,999	68	300	276
$200,000–499,999	13	352	221
$500,000–999,999	2	86	60
$1,000,000 or more	0.6	43	21
All	74,207	1,359	1,024

a. Source: Office of Tax Analysis, United States Treasury.
b. Source: U.S. Census Bureau and Internal Revenue Service by masked matching to get distributions only.

APPENDIX II

THE ESTIMATING OF AGGREGATES

Introduction

Estimating aggregates from our two samples requires some heroic assumptions which need to be spelled out. The basic procedure will consist of using outside estimates of the number of million households in each 1973 total household income group and multiplying that by the average amount or proportion to estimate millions of dollars or thousands of households.

The outside estimates are based on the Current Population Survey estimates of the Census Bureau as to total numbers of households, with the *distribution* of the number with incomes above $20,000 based on the proportional distribution of the 1972 tax returns by Adjusted Gross Income. (Above $50,000 there is not that much difference between the two income concepts.)

The income variable used in most of our analysis is an "improved" estimate which adjusts the 1973 reported income up or down if the 1970 income was different by more than a whole bracket and adjusts that result, if it is less than 5 percent of the family assets, up to the bracket that includes that amount. This makes it a kind of average or "permanent" income concept, more appropriate for relating to philanthropic activity.

A Modified Total 1973 Income Variable

In a number of cases in the Census data set there were substantial differences between 1970 and 1973 income. Also there were cases where respondents with substantial assets reported little or no income. Because of this and in an effort to create an income variable which better reflected "ability to contribute," we constructed a new variable (V566) from:

V263 – 1973 Adjusted Gross Income
V264 – 1970 Adjusted Gross Income
V265 – 1973 Total Income
V331 – Total Assets (net)

In most cases V566 = V265.

Where V264 was more than one bracket higher than V265, V566 was assigned as one bracket below V264. This is equivalent to taking the average of V264 and V265 *in dollars*. Forty-four cases were raised from one to ten brackets by this rule.

Where V263 was more than one bracket higher than V264, V566 was assigned as one bracket below V265. This rule resulted in 35 cases where the new total income variable was one bracket lower than the old total income variable.

Where V265 (in dollars) was less than 5 percent of V331 (in dollars), V566 (in dollars) was assigned at 5 percent of V331. Specifically, if assets were over $1,000,000, income was adjusted to be at least $50,000–$100,000; if assets were over $500,000, the income floor was the $30,000– bracket; and those with assets over $200,000 were elevated to the $15,000–$20,000 bracket. Twelve assignments were made here.

For the Survey Research Center data set, as there was no information on 1970 income and there were no substantial asset/income differences, V566 was simply assigned the value of V265.

Weights for Estimating Aggregates

The weights are then calculated as follows. For each 1973 household income class (adjusted) we have interviews (from two samples) and an outside estimate of the number of households in the United States in that class in 1973. Dividing the latter by the former provides a "blow-up factor." Within each income class from the Census sample, the sampling fraction was a constant except for slippages in concept and changes in income. (It was really constant within *1970* Adjusted Gross Income classes.) Within the Survey Research Center sample, however, there were varying sampling fractions even within income classes, based on age and education and income in the area, since the sample was designed to secure more higher incomes by oversampling higher-income areas and, after doorstep screening, older and better-educated respondents. We have a set of weights which correct for these differences in sampling rates, and within each of our income groups, we adjust the weight calculated above by multiplying it, case by case, by the ratio of that case's weight to the average weight in that income class. This leaves the average final weight in that income class unaffected but the details corrected for the over-representation of older, better-educated people in higher-income areas.

Table A-II-1

COMPUTATION OF BLOW-UP WEIGHTS FOR COMBINED CENSUS
AND SURVEY RESEARCH CENTER SAMPLE

Income Bracket	n_{SRC} (V265)	$\sum w_i$	$\sum w_i/n_{SRC}$	n_{CEN} (V566)	N $n_{SRC}+n_{CEN}$	Number of Households[a]	Blow-Up Weight
$0-9,999	680	32,252	47.43	27	707	33,193,000	46,949
$10,000-14,999	463	15,585	33.66	32	495	15,820,000	31,960
$15,000-19,999	296	8,135	27.48	42	338	11,031,565	32,638
$20,000-29,999	271	6,365	23.49	75	346	6,535,290	18,888
$30,000-49,999	113	1,919	16.98	111	224	2,265,447	10,114
$50,000-99,999	44	930	21.14	255	299	819,539	2,741
$100,000-199,999	17	265	15.59	209	226	155,324	687
$200,000-499,999	2	47	23.50	120	122	32,575	267
$500,000-1,000,000	0	0	--	22	22	4,515	205
$1,000,000 or more	1	16	16.00	22	23	1,765	76
	1,887	65,514		915	2,802	69,859,000	

a. Number of "Households" from U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 96, "Household Money Income in 1973 and Selected Social and Economic Characteristics of Households," (Washington D.C.: U.S. Government Printing Office, 1974), p. 1. The top two brackets in the CPR were broken down on the assumption that the new brackets were the same relative sizes as the brackets for the same income groups in: Internal Revenue Service, Statistics of Income - 1972, Individual Income Tax Returns (Washington, D.C., 1972) advance copy of Table 1.1.

Table A-II-1 gives the details. The last column indicates the number of households each interview represents. At the lowest incomes we undersampled so much that each respondent represents 46,949 other low-income respondents, while each of the 23 respondents with incom of $1,000,000 or more represents only 76 other affluent households.

An example might make the case for adjusting the income definition prior to weighting u for "number of households represented." We had one respondent who reported $100,000–$200,000 income in 1970 and an under–$10,000 income in 1973. Clearly there ar not 47,000 households in this category, especially if we note that this individual gave $25,00 to charity. If we had left this individual in the $0–$9,999 bracket, it would have had the effec of increasing our estimate of aggregate giving by $1.2 billion.

Some Problems

Clearly with such disparate weights, small errors in estimates for lower-income groups will b exploded into large errors in the aggregates. Similarly, misclassification into the wrong incom group can change dramatically the "blow-up" factor applied to that individual's giving. On might think that the worst problem is the skewed distribution of giving, making the mean givin in any income group unstable because of a few very large givers. But, in fact, a worse problem is misclassification by income group since the latter is systematic. It is systematic particularly for the Census sample which was heavily concentrated in higher incomes, so that most of th misclassification is downward. If an individual underreports his income but not his giving, hi large giving is multiplied by the large blow-up factor for the lower income group.

Table A-II-2

CENSUS SAMPLE INCOME DISTRIBUTIONS

	1970 Adjusted Gross Income			Other Income Reported In Interviews	
	I.R.S. Data				
Income	Sample	Interviews	Income Reported In Interviews	1973 Adjusted Gross Income	1973 Total Income
Under $10,000	1.5	1.6	5.4	3.9	3.6
$10,000-14,999	2.3	2.8	3.8	4.8	5.2
$15,000-19,999	4.1	5.3	5.6	6.7	3.9
$20,000-29,999	5.7	6.1	9.3	8.3	8.2
$30,000-49,999	6.5	7.4	14.8	13.3	12.9
50,000-99,999	18.9	20.6	26.8	24.5	26.2
$100,000-199,999	28.5	26.8	19.0	22.6	22.5
$200,000-499,999	22.9	21.6	11.1	11.8	12.6
$500,000-999,999	6.3	5.9	2.2	1.9	2.5
$1,000,000 or more	3.3	2.1	2.1	2.2	2.5
	100.0	100.2	100.1	100.0	100.1
N =	1363	1026	897	903	892
NA			128	122	133

	"Truth"	Reported with: N.A.'s On Income	
		Omitted	Distributed Like Nonresponse
Under $100,000	43.8	65.7	60.4
$100,000 or more	56.4	34.4	39.6
	100.2	100.1	100.0

Source: Columns 1 and 2, I.R.S.; Columns 3-5 SRC, MTR 154, 157.

We have for the Census sample some evidence on underreporting of income (albeit imperfect since only the *distribution* of incomes of the cases interviewed was known). Table A-II-2 shows, in comparing the second and third columns, that a substantial number must have reported a 1970 income class at least a bracket lower than correct, and we can reasonably infer that the 1973 income figures also involved substantial underreporting.

The extreme assumption, that the same amount of underreporting of income (unaccompanied by any underreporting of giving), applied to the combined sample, could be used to estimate a "corrected income bracket" and hence a corrected estimate of the number of millions of households represented by each of the reported income brackets. Table A-II-3 shows that such a calculation reduces the estimate of aggregate giving by a third, to $22,361,767.

Table A-II-3

EXTREME ASSUMPTION ESTIMATES OF AGGREGATE PHILANTHROPY

(assuming vast, pervasive underreporting of income like that in the special Census sample)

Reported Income	Actual Bracket	Mean Giving	Allocation of Numbers of Households	Aggregate Giving
Less than $10,000	Less than $15,000	$134	49,013,000	$6,567,742
$10,000-14,999	Less than $20,000	341	11,031,565	3,761,764
$15,000-19,999	$20,000-27,999	538	5,228,232	2,812,789
$20,000-29,999	$28,000-49,999	849	3,572,505	3,033,057
$30,000-49,999	$50,000-74,999	1483	409,770	607,689
$50,000-99,999	$75,000-179,999	6714	534,029	3,585,471
$100,000-199,999	$180,000-379,999	18,569	50,640	940,334
$200,000-499,999	$380,000-749,999	48,599	15,288	742,982
$500,000-999,999	$750,000-999,999	77,446	4,002	309,939
			69,859	$22,361,767

The assigned brackets are the levels of income one would go to to secure the correct proportions of the Census sample, cumulating from the bottom (see figure). Since the Census sample was so concentrated, the relative underreporting was clearly more serious there, hence this correction overdoes it.

A more sensible way to estimate the overall aggregate is to use only the cross-section sample estimates of mean giving within income groups below $50,000, on the assumption that most of the Census sample appearing at those income levels does not belong there and would produce upward bias in the estimated average giving levels. For incomes of $50,000 and above, we can use the combined samples. The result of such a calculation (Table A-II-4) gives an aggregate of $10.4 billion for incomes of $50,000 and over and an aggregate of $22.0 billion for those with incomes under $50,000, for a total of $32.4 billion.

Even that estimate, however, is biased by overreporting of giving since it uses the total of individual gifts reported, rather than the sometimes smaller amount reported as deducted by those who itemized (Table A-II-5).

Given these problems, one should use the aggregate tables more for studying the allocation of giving by donee or type of gift within each income class, than for estimating shares of giving. The potential exaggeration of giving in the lower income classes probably leads to an over-estimate of the fraction of aggregate philanthropy that comes from them, for example. Indeed, Table A-II-5 which uses only the Survey Research Center sample below $50,000 probably gives the best estimate of the fraction of aggregate philanthropy that comes from each income group. Nearly half of it still comes from people with incomes between $10,000 and $30,000, where the ability to itemize is borderline, changing, and probably influential.

Table A-II-4

ESTIMATES OF AGGREGATE PHILANTHROPY, RELYING ON THE SRC SAMPLE BELOW $50.000 AND THE COMBINED SAMPLES ABOVE THAT[a]

Income	Number of Households (in thousands)	Average Gift (dollars)	Total Giving (in millions of dollars)	Shares of Total Giving (percent)
$0-9,999	33,190	$128	$4,248	13.1%
$10,000-14,999	15,820	341	5,395	16.7
$15,000-19,999	11,032	431	4,755	14.7
$20,000-29,999	6,535	830	5,424	16.7
$30,000-49,999	2,265	941	2,131	6.6
$50,000-99,999	8,195	6,714	5,503	17.0
$100,000-199,999	155	18,569	2,883	8.8
$200,000-499,999	33	48,599	1,583	4.9
$500,000 or more	6	77,446	485	1.5
All	69,853	$464	$32,407	100.0%

---

a. Assuming that since only a small fraction of the Census sample should have been below $50,000, most of those who reported less than $50,000 were underreporting, or only temporarily there, hence their large giving would be attributed to too many thousands of other households.

Table A-II-5

ESTIMATES OF AGGREGATE PHILANTHROPY, RELYING ON "AMOUNT DEDUCTED" WHERE DIFFERENT FROM "TOTAL GIVING" FOR ITEMIZERS[a]

Income	Total Giving (in millions of dollars)	Shares of Total Giving (percent)
$0-9,999	$4,116	14.0%
$10,000-14,999	5,189	17.7
$15,000-19,999	4,622	15.8
$20,000-29,999	4,398	15.0
$30,000-49,999	2,111	7.2
$50,000-99,999	4,524	15.4
$100,000-199,999	2,638	9.0
$200,000-499,999	1,269	4.3
$500,000 or more	445	1.5
All	$29,312	100.0%

---

a. Like Table A-II-4 using SRC sample below $50,000 and the combined samples above that.

Table A-II-6

ESTIMATES OF AGGREGATE PHILANTHROPY WITH ADJUSTMENTS
FOR OVERREPORTING OF GIVING

(in millions of dollars)

Income[a]	Total Reported Giving	Total Giving With "Deductions" Used for Itemizers	Total Giving Excluding Those Who Give Through Trust or Foundation	Total Giving Truncating Gifts In Census To Bottom of Bracket
$0-9,999	$4,435	$4,241	$4,435	$4,435
$10,000-19,999	11,319	10,947	11,319	11,236
$20,000-29,999	5,547	4,708	5,539	5,547
$30,000-49,999	3,360	3,297	3,182	3,307
$50,000-99,999	5,503	4,550	3,887	4,409
$100,000-199,999	2,883	2,637	2,435	2,150
$200,000-499,999	1,583	1,269	899	1,049
$500,000 or more	485	441	356	328
All	$35,114	$32,108	$32,054	$32,461

Table A-II-6 returns to total reported giving for the full sample (column 1) for comparison with other possible sources of overreporting of giving. In column 2 the full sample blow up of the "amount deducted" where different from "total giving" for itemizers is used.

Some respondents mixed their giving through trusts or foundations in their total giving figure. Column 3 adjusts for this by ignoring *all* of the giving of such respondents. This no doubt overstates the magnitude of the adjustment.

Finally, in the Census interviews, gifts over $10,000 were coded in wide brackets and the mid-point of these brackets was assigned as the dollar amount of the gift. Column 4 changes this and assigns the bracket bottom as the amount of the gift.

Recall Bias and Response Bias

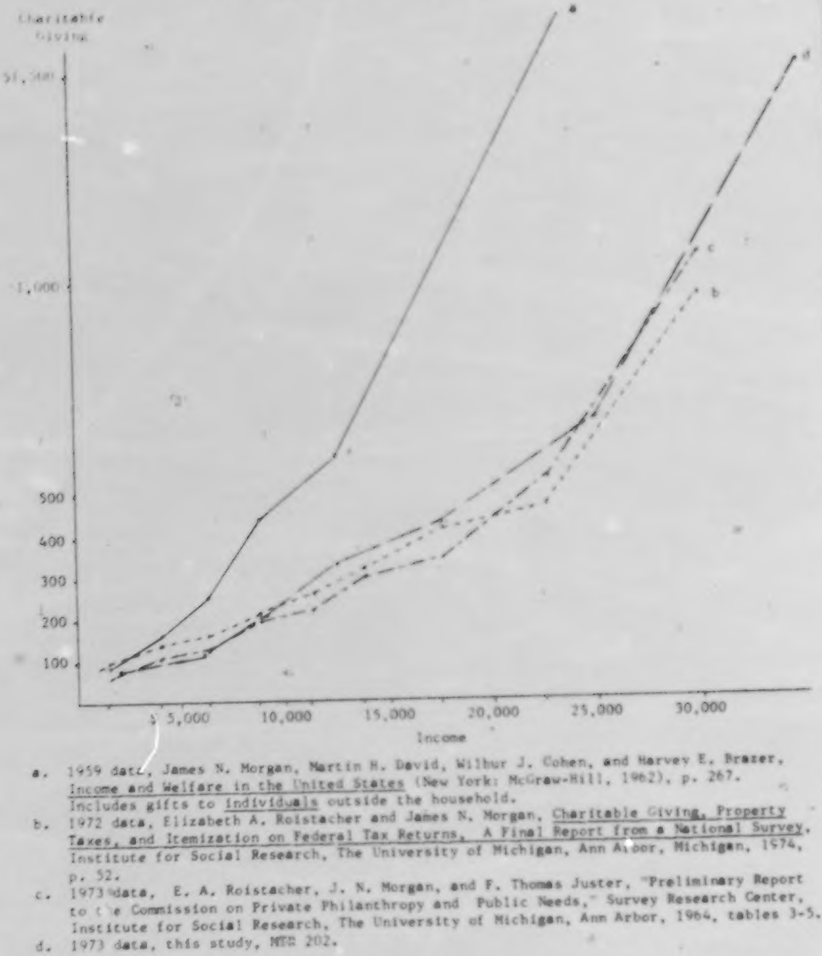
The validity of interview responses on charitable giving, of time or money, like that of any total built up of pieces of various size, is subject to understatement from forgetting amounts that are small, or do not seem to fit the definition, and to overstatement from including items outside the calendar period covered or just exaggerating the amount of a socially desirable activity.

We can examine the memory issue somewhat by comparing the estimated giving from the earlier surveys which only asked two or three questions with the major study we are analyzing, which built up the amount through an extensive series of questions. Figure A-II-1 shows how the studies differ, and more questioning appears to elicit reports of more giving, just as it has traditionally elicited more aggregate expenditure in expenditure studies.

Indeed, expenditure studies have a kind of validity check in that the total expenditures reported should not exceed the total income, and there are studies indicating enough cases where that happens to imply that the detailed questioning can lead to net overreporting. It is for that reason that in the current study we have used the amount the respondent says he deducted on his income tax, if it is available, rather than the sum of his reported gifts which was often somewhat larger. However, in looking at the allocation of gifts by donee type, we must use the detail.

Figure A-II-1

MEAN GIVING BY INCOME LEVEL FOR VARIOUS STUDIES



a. 1959 data, James N. Morgan, Martin H. David, Wilbur J. Cohen, and Harvey E. Brazer, Income and Welfare in the United States (New York: McGraw-Hill, 1962), p. 267. Includes gifts to individuals outside the household.

b. 1972 data, Elizabeth A. Roistacher and James N. Morgan, Charitable Giving, Property Taxes, and Itemization on Federal Tax Returns, A Final Report from a National Survey, Institute for Social Research, The University of Michigan, Ann Arbor, Michigan, 1974, p. 52.

c. 1973 data, E. A. Roistacher, J. N. Morgan, and F. Thomas Juster, "Preliminary Report to the Commission on Private Philanthropy and Public Needs," Survey Research Center, Institute for Social Research, The University of Michigan, Ann Arbor, 1964, tables 3-5.

d. 1973 data, this study, MTR 202.

Additionally, there is a 25 percent non-response rate in both samples and, since respondents knew the study was about time and money people give, those with less giving to report may well have been more reluctant to be interviewed. In the extreme, the bias could be 25 percent if all nonrespondents are zero givers. However, a look at Figure A-II-1 shows that the mean gifts by income from this study follow the smaller 1972 and 1973 studies pretty well. As these two earlier results were part of larger studies not *primarily* concerned with giving, the case for a special non-response bias for low givers is weakened. There may still be a non-response bias at the upper income levels where we don't have earlier data and there may still be a bias from people who won't respond to *any* survey being lower than average givers.

Except for using "amount deducted" where different from "total giving" we have not made any adjustments for response bias to our aggregate estimates. Any cautious user of our results should be aware of this problem.

ne Final Adjustment: Our "Best" Aggregate Estimate

The purpose of oversampling high income people was to describe adequately their behavior, asons, purposes, etc., which were expected to be quite distinct, and also to find out about usts, private foundations, and charitable bequests, which would be frequent only with quite ffluent people. It was never intended that we could produce accurate aggregate estimates even ith such oversampling. The top tail of such skewed distributions must always be estimated om other sources.

Table A-II-7

REVISED ESTIMATE OF TOTAL GIVING

Income	Mean Gift	Number of Households	Share of Households	Aggregate Dollars (in thousands)	Share of Total Giving
Less than $10,000	$128	33,184,696	47.8%	$4,116	16.0%
$10,000-14,999	327	15,818,879	22.8	5,189	20.2
$15,000-19,999	523	11,030,785	15.9	4,622	18.0
$20,000-29,999	720	6,534,473	9.4	4,398	17.1
$30,000-49,999	1455	2,265,620	3.3	2,111	8.2
$50,000-99,999	5552	483,877	.70	2,686	10.5
$100,000-199,999	16,988	91,707	.13	1,558	6.1
$200,000-499,999	38,950	19,233	.028	749	2.9
$500,000-999,999	67,160	2,666	.0038	179	0.7
$1,000,000 or more	81,631	1,030	.0015	84	0.3
		69,437,966	100.0633%	$25,692	100.0%

In setting up the combined weights for making pooled estimates and aggregate estimates, we used what seemed a reasonable combination of Census estimates of numbers of households, allocating the distribution over $20,000 according to the number of tax returns above that level. This in retrospect overestimated the numbers in the income groups over $50,000. If we use the actual number of tax returns over $50,000 in 1972 (instead of just the proportions) to represent the number of households over $50,000 in 1973, we get an estimate of aggregate philanthropy of $25.7 billion, details of which are presented in Table A-II-7.

Aggregate Volunteer Time

We attempted to make some estimates of the total amounts of time and the value of that time given by heads of households and by wives. The weights used were the ones in Table A-II-1 and have already been described.

In order to value the hours of volunteer work donated by heads and wives, we had several alternatives. The choice of a value is most important for wives' volunteer work, since the ones who do not work have no meaningful hourly earnings figure. (1) The easiest and most obvious approach is to value all volunteer work at the same rate, say the minimum wage. However, all volunteer work is *not* alike. Since more educated people with higher wage rates give more time, the aggregate value of their time is even greater than that of their more numerous but less-educated neighbors. Therefore, we considered some alternatives: (2) We can value th volunteer time of each wife by her own hourly earnings. This would effectively value th volunteer time of nonworking wives at zero. This is a strict "opportunity cost" definition. (3 We can take the mean wage rates for age and education groups for working wives only, an value the volunteer time of all wives, working and nonworking, at those rates. One could argu that the nonworking wives, had they had the opportunity and had chosen to work, would ear the same as the currently working wives of their same age and education group. This is th definition we have chosen here, a "value of time to the organization" concept.

Table A-II-8

TIME GIVEN (AGGREGATE HOURS AND VALUE), BY INCOME

Income	Husband or Single Head	Wife (if any)	Both
$0-9,999:			
(Hours in thousands)	1,031,337	463,161	1,494,498
(Households in thousands)	33,190	16,646	33,190
($ value in millions)	5,245	1,577	6,822
$10,000-19,999:			
(Hours in thousands)	1,306,075	1,397,485	2,703,560
(Households in thousands)	26,850	22,777	26,850
($ value in millions)	7,293	5,136	12,429
$20,000-29,999:			
(Hours in thousands)	608,144	416,487	1,024,631
(Households in thousands)	6,536	5,979	6,534
($ value in millions)	4,198	1,582	5,780
$30,000-49,999:			
(Hours in thousands)	184,057	259,323	443,380
(Households in thousands)	2,266	2,072	2,266
($ value in millions)	1,331	1,164	2,495
$50,000-99,999:			
(Hours in thousands)	88,252	115,841	204,093
(Households in thousands)	820	772	820
($ value in millions)	645	533	1,178
$100,000-199,999:			
(Hours in thousands)	20,403	18,083	38,486
(Households in thousands)	155	141	155
($ value in millions)	149	77	226
$200,000-499,999:			
(Hours in thousands)	5,168	3,074	8,242
(Households in thousands)	33	28	33
($ value in millions)	37	13	50
$500,000 or more:			
(Hours in thousands)	1,431	938	2,369
(Households in thousands)	6	6	6
($ value in millions)	11	5	16
All Incomes:			
(Hours in thousands)	3,244,867	2,674,393	5,919,260
(Households in thousands)	69,853	48,421	69,853
($ value in millions)	18,909	10,087	28,996

By assigning to each head the mean hourly earnings of his age-education group and multiplying that by his volunteer hours, we get a total value of volunteer time given for each respondent. Summing these values across income groups gives us a total value of time for all respondents in that group. (Fourteen age-education groups were identified for heads and fourteen for wives. Hourly earnings for them were derived from a Survey Research Center panel study: *Five Thousand American Families – Patterns of Economic Progress*, 1974.) A similar manipulation was performed to get the value of wives' volunteer time. Tables A-II-8 and A-II-9 give aggregate hours and aggregate value of hours, by income and education groups, for head, wives, and both together.

Table A-II-9

TIME GIVEN (AGGREGATE HOURS AND VALUE), BY EDUCATION

Education of Head	Husband or Single Head	Wife (if any)	Both
Less than high school:			
(Hours in thousands)	708,014	748,625	1,456,639
(Households in thousands)	27,801	18,035	27,801
($ value in millions)	2,853	2,809	5,550
High school:			
(Hours in thousands)	1,410,232	1,172,948	2,583,180
(Households in thousands)	30,729	21,696	30,729
($ value in millions)	7,605	4,035	11,640
B.A. Degree:			
(Hours in thousands)	660,200	449,662	1,109,862
(Households in thousands)	7,361	5,539	7,361
($ value in millions)	4,859	1,849	6,708
Advanced Degree:			
(Hours in thousands)	465,864	290,987	756,851
(Households in thousands)	3,958	3,151	3,958
($ value in millions)	3,599	1,339	4,938
All:			
(Hours in thousands)	3,244,867	2,674,393	5,919,260
(Households in thousands)	69,853	48,421	69,853
($ value in millions)	18,909	10,087	28,996

Table A-II-10

MEAN WAGE RATES BY AGE AND EDUCATION

Age and Education	Head's[b] Mean Wage Rate[a]	Wife's Mean Wage Rate[a]
18-24	$3.26	$2.92
25-34, Less than high school	3.90	2.87
High school graduate	4.59	3.10
College graduate	6.09	5.56
35-44, Less than high school	6.11	2.74
High school graduate	5.85	3.41
College graduate	8.81	5.65
45-54, Less than high school	4.56	2.63
High school graduate	5.74	3.36
College graduate	9.12	6.06
55-64, Less than high school	3.80	4.04
High school graduate	5.65	3.55
College graduate	8.31	4.24
65 and older	4.04	4.16
Mean	$4.96	$3.39

a. For workers from the Survey Research Center 5,000 family panel study.
b. Heads include married men, single men, and single women. Mean wage rates include all thse types of people.

Table A-II-10 gives mean hourly wage rates for heads and wives by age-education groups. Note that the "head" category, though predominantly male, includes 22 percent single females.

APPENDIX III

THE RELATIVE GIVING VARIABLES

For much of our analysis it is useful to look at dollar giving relative to the respondent's income peers and time giving relative to the respondent's education peers. To do this we construct ratios of respondent's dollar giving/mean giving for respondent's income class and respondent's volunteer time/mean volunteer time for respondent's education class. The means used to construct these ratios are presented in Tables A-III-1 and A-III-2.

Table A-III-1

MEAN GIVING BY INCOME USED TO CREATE RATIO OF GIVING TO AVERAGE

	Mean Gift	
Income	Full Sample	SRC Sample
$0 - 3,999	$75	$75
$4,000 - 7,999	122	123
$8,000 - 9,999	208	208
$10,000 - 14,999	307	328
$15,000 - 19,999	523	419
$20,000 - 29,999	720	673
$30,000 - 49,999	1,455	932
$50,000 - 99,999	5,552	1,581[a]
$100,000 - 199,999	16,988	
$200,000 - 499,999	39,950	
$500,000 - 999,999	67,101	
$1,000,000 or more	81,631	

a. For some of the analysis this was divided into two age group means: $760 if under 65 years; $2,500 if 65 or older.

Table A-III-2

MEAN VOLUNTEER TIME BY EDUCATION USED TO CREATE
A RATIO OF TIME GIVEN TO AVERAGE

	Mean Volunteer Time	
Education	Husband or Single Head	Wife
Less than high school	25	41
High school	46	34
College degree	90	81
Advanced degree	118	92

APPENDIX IV

CODEBOOK WITH FREQUENCY TABLES

This appendix gives the full wording of each of the questions and the response codes. The percent of households giving each response is to the left of the appropriate code. The numbers given are weighted percents with the weight variable being V567 (see Appendix II for a detailed description). Note that a zero weight is given to those respondents who declined to give their income. For most of the questions the percents are of all respondents (households) and the unweighted N (excluding income refusals) is 2802. Some questions were asked only of a subset of respondents and the percentages given are of that subset. These questions are indicated by a subset heading over the percentage column:

(1) WIFE – questions asked only of the 2,173 respondents with a wife in the household.

(2) GIVERS – questions asked only of the 1,961 respondents who gave $100 or more.

(3) E – questions asked only of the 881 respondents with net worth of $100,000 or more (the bulk of Section E of the questionnaire).

(4) CEN – questions asked only of the 915 respondents given the Census version of the questionnaire.

(5) SRC – questions asked only of the 1,887 respondents given the Survey Research Center version of the questionniare.

Almost everything about philanthropy depends on people's income, but it is important to know just how much. Some things are very heavily concentrated at the highest income levels--use of trusts and foundations, sensitivity to taxes. Others like giving of volunteer time are not. Rather than provide a massive set of tables, we give a single measure of association between each set of answer categories and income. (For numerical variables such as time and money given, the analysis provides much more detail and such a measure is unnecessary.)

The measure we use is Cramèr's V (CV) which is a variant of Chi-square but only varies from 0 to 1.00, 0 meaning no association. It is also a measure of the simple squared correlation between two variables that could be generated (by canonical correlation) by scaling income and the classification in question optimally. (For analysis of the relationship between canonical correlations of nominal measurements and Cramèr's V, see K.S. Srikantan, "Canonical Association between Nominal Measurements," *Journal of the American Statistical Association* 65, (March 1970), 284-292; see also H. Cramèr, *Mathematical Methods of Statistics*, (Princeton, N.J.: Princeton University Press, 1946), pp 182-3, 441-5.) That is, if one assigned a weight to each income class and a weight to each category of the classification in question in such a way as to maximize the correlation between the two weighted sums, Cramèr's V indicates the size of that correlation.

It can be thought of as a measure of how well one could predict the distribution of answers of a group of people if one knew what income class they were in. Since it assumes no rank ordering, there are no negative signs. Like any chi-square measure, Cramèr's V is unreliable when there are cells in the table with very few cases in them, or none at all. This is the case whenever a large proportion of the households are not asked the question or fall into a single category.

CODEBOOK WITH FREQUENCY TABLES

Variable Number	Content
1	STUDY NUMBER (466017)
2	INTERVIEW NUMBER 0001 - National Sample (not screened) 2001 - National Sample (screened) 4001 - Census Sample
3 (SRC)[a]	PSU
4 (SRC)[a]	First PSU - REGION
5 (SRC)[a]	Third PSU - URBANIZATION
6 (SRC)[a]	PLACE
7 (SRC)[a]	SAMPLING ERROR
8 (SRC)[a]	QUARTER NUMBERS
9 (SRC)[a]	INCOME - HIGH, MEDIUM, LOW

---

[a] (SRC) Survey Research Center sample only.

Variable Number	Content
10 (SRC)[a]	INTERVIEWER'S ID
11	Date of interview - MONTH 06. June 07. July 08. August 09. September 10. October 11. November 99. NA
12	Date of interview - DAY Actual date (01-31) 99. NA
13 (SRC)[a]	Number of calls Actual number (1-7) 8. Eight or more 9. NA
14 (FOR DISTRIBUTION SEE V515)	AGE OF HEAD Actual age of Head (01-98) 99. NA
15 (SEE V516)	SEX OF HEAD 1. Male 2. Female
16 (SEE V535)	AGE OF WIFE Actual age of wife (01-98) 99. NA 00. Inap., no wife, female head

---

[a] (SRC) Survey Research Center sample only.

Variable Number	Content
17	TOTAL NUMBER OF INDIVIDUALS IN HOUSEHOLD Actual number (01-97) 98. DK 99. NA
18	TOTAL NUMBER OF INDIVIDUALS IN HOUSEHOLD UNDER 18 Actual number (00-97) 00. None 98. DK 99. NA
19	TOTAL NUMBER OF INDIVIDUALS IN HOUSEHOLD 18 OR OVER Actual number (00-97) 98. DK 99. NA
20	NUMBER OF PARENTS (OR STEP-PARENTS) OF HEAD OR SPOUSE LIVING IN HOUSEHOLD Actual number (0-4) 8. DK 9. NA
21	NUMBER OF INDIVIDUALS IN HOUSEHOLD 18 OR OVER WHO ARE UNRELATED TO HEAD Actual number (00-97) 98. DK 99. NA
22	AGE OF YOUNGEST CHILD RELATED TO HEAD Actual age (01-17) 01. One year or less 98. DK 99. NA 00. Inap., no children under 18

Variable Number	Content
23	AGE OF OLDEST CHILD RELATED TO HEAD Actual age (01-17) 01. One year or less 98. DK 99. NA 00. Inap., no children under 18
24	Respondent is: 1. HEAD 2. WIFE 3. OTHER (SPECIFY)
25 (SRC)*	Instruction on P. 17(a), under "YES" box reads: 1. INTERVIEW 5. GO TO 71 8. INAP: WHITE COVER SHEET 0. Census version
26 (SRC)* (SEE Q.40)	Head has college degree: 1. COLLEGE DEGREE 2. HIGH SCHOOL DEGREE 3. NEITHER 4. WHITE COVER SHEET 0. Census version
27 (CEN)**	CENSUS ONLY: SAMPLE PERSON IS: 1. Head 2. Wife 3. Other 0. Inap., SRC sample

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*(SRC) Survey Research Center sample only.

**(CEN) Census sample only.

Variable Number	Percent		Content
28			A1. Do you get requests from very many organizations for contributions?
	39.0		1. YES
	60.9		5. NO
	0.0		8. DK
	0.1		9. NA
	99.9	CV=.16	
29			A2. Do you think the number of organizations asking you for help is greater than it was a few years ago, or smaller?
	53.3		1. GREATER NUMBER
	27.0		3. SAME
	11.0		5. SMALLER NUMBER
	7.6		8. DON'T KNOW
	0.0		9. NA
	100.0	CV=.08	
30			A3. Do some organizations do things you feel are particularly important and worth supporting?
	93.0		1. YES
	5.0		5. NO
	1.7		8. DK
	0.3		9. NA
	100.0	CV=.06	

Variable Number			
31 (first mention)	32 (second mention)	33 (third mention)	A3a. What kinds of things do they do? (3 mentions)
0.2	4.7	2.5	01. Religious
6.0	2.7	1.2	02. Combined appeals
0.6	6.6	2.5	03. Community
61.6	13.0	2.5	04. Health and medical
0.9	0.7	0.5	05. Higher education
0.8	0.7	0.3	06. Elementary and secondary education
12.0	9.6	2.0	07. Social welfare
0.3	0.4	0.1	08. Cultural
0.7	0.3	0.6	09. Public affairs
0.8	0.2	0.2	10. Environment
7.6	3.3	1.7	11. International (HIGH PRIORITY)
0.0	0.0	0.0	12. Private foundation or trust
0.6	0.3	0.0	27. Other charitable
0.0	0.1	0.1	28. Noncharitable - political
0.4	0.3	0.2	29. Noncharitable - other
0.9	0.0	0.0	98. DK
3.6	0.1	0.0	99. NA
7.0	59.7	85.7	00. Nothing, Inap., no further mentions
100.0	100.1	99.9	
CV=.00	CV=.00	CV=.08	

Variable Number	Percent		Content
V 34			A4. Are there some types of organizations you give nothing to even though they keep asking for contributions?
	61.5		1. YES
	37.9		5. NO
	0.2		8. DK
	0.4		9. NA
	100.0	CV=.10	

49a. What kinds of organizations are they?
(3 mentions)

Variable Numbers 35 (first mention)	36 (second mention)	37 (third mention)		
13.8	1.4	0.4	01.	Religious
3.1	0.7	0.1	02.	Combined appeals
7.5	1.8	0.5	03.	Community
0.3	2.6	0.1	04.	Health and medical
1.3	0.1	0.0	05.	Higher education
0.0	0.2	0.0	06.	Elementary and secondary education
2.6	1.0	0.1	07.	Social welfare
0.0	0.5	0.0	08.	Cultural
2.1	1.4	0.1	09.	Public affairs
0.3	0.0	0.0	10.	Environment
7.0	0.0	0.1	11.	International (HIGH PRIORITY)
0.0	0.0	0.0	12.	Private foundation or trust
0.5	0.1	0.0	27.	Other charitable
1.1	0.3	0.1	28.	Noncharitable - political
0.6	0.4	0.0	29.	Noncharitable - other
3.6	0.0	0.0	98.	DK
17.7	0.2	0.1	99.	NA
38.5	89.5	98.3	00.	Nothing, Inap., no further mentions
100.0	100.0	99.9		
CV=.11	CV=.08	CV=.09		

49b. Why do you refuse them? (3 mentions)

Variable Numbers 38 (first mention)	39 (second mention)	40 (third mention)		
1.9	0.6	0.1	01.	Spend too much on fund-raising and/or administration
1.9	0.3	0.0	02.	High pressure solicitation
7.5	1.3	0.0	03.	Methods of solicitation objectionable other than 02
11.8	2.0	0.1	04.	Thinks other things are more important; cannot give to everyone
6.0	1.1	0.1	05.	Does not agree with their goals
0.4	2.6	0.2	06.	Thinks they are false, ineffective, don't do a good job
5.0	2.2	0.2	07.	Doesn't know much about them, whether they're legitimate or doing a good job
4.0	1.1	0.1	08.	Don't need the money; get money from elsewhere; government should support them
6.9	0.8	0.0	09.	Don't have the money
1.4	0.1	0.0	97.	Other
0.3	0.0	0.0	98.	DK
2.7	0.1	0.1	99.	NA
50.2	87.7	99.1	00.	Inap., no further mentions
100.0	99.9	100.0		
CV=.12	CV=.08	CV=.05		

50. Do you sometimes feel that you are pressured into giving more time or money than you really want to?

Variable Number 41 Percent		
19.4	1.	YES
79.4	5.	NO
1.1	8.	DK
0.2	9.	NA
100.1 CV=.09		

50a. Can you give me an example? (2 mentions)

Variable Numbers 42 (first mention)	43 (second mention)		
			Subjective - Implication of successful pressure (or at least respondent's reaction to pressure)
1.1	0.2	01.	External sense of obligation - e.g., everyone is expected to contribute
0.5	0.0	02.	If I didn't do it no one else would; they couldn't get anyone else
0.5	0.0	03.	Feel guilty if I don't
0.2	0.1	04.	They publish names; everyone else will know
0.8	0.1	05.	Can't refuse when friend or associate solicits
0.6	0.5	06.	Can't refuse face-to-face solicitation
2.4	0.4	07.	They keep bothering me if I don't
			Objective - No implication that pressure succeeded or of respondent's reaction to it
0.8	0.2	11.	Telephone solicitation
0.7	0.2	12.	Door-to-door solicitation, specifically
0.8	0.1	13.	Face-to-face solicitation (on street or in public places), or NA if 12
1.1	0.2	14.	Requests by mail (code mailed merchandise to 15)
0.4	0.0	15.	Attempts to sell merchandise; unsolicited gifts
4.1	0.4	16.	"We have a quota"; they take the money out of (my) paycheck; pressure at work
0.5	0.1	17.	They keep bothering me; I keep getting asked because of my position
1.5	0.3	97.	Other
0.3	0.0	98.	DK
3.1	0.5	99.	NA
80.6	97.0	00.	Inap., no second mention
100.0	99.8		
CV=.09	CV=.08		

51. Did you do any unpaid work for organizations during 1973?

Variable Number 44 Percent		
31.6	1.	YES
68.3	5.	NO
0.1	8.	DK
0.0	9.	NA
100.0 CV=.13		

Variable Numbers					
45 (first mention)	48 (second mention)	51 (third mention)	54 (fourth mention)	57 (fifth mention)	82. What did you do? (Activity code)
5.0	3.1	1.3	0.9	0.3	01. Fund raising
6.3	3.5	1.9	0.8	0.5	02. Leadership
8.2	6.2	1.7	0.7	0.2	03. Clerical or manual labor
3.3	2.1	1.3	0.7	0.1	04. Teaching
1.0	0.9	0.6	0.2	0.1	05. Professional
0.2	0.0	0.0	0.1	0.0	06. Hospital
2.3	1.2	0.7	0.2	0.2	07. Counseling, visitations
0.6	0.5	0.1	0.1	0.0	08. Organize
0.0	0.0	0.0	0.0	0.2	09. Several activities
0.6	0.4	0.0	0.1	0.0	10. Ushering, choir
0.8	0.6	0.4	0.0	0.0	97. Other
0.0	0.0	0.0	0.0	0.0	98. DK
2.1	1.5	0.4	0.4	0.1	99. NA
68.4	82.0	91.0	95.9	98.3	00. Inap., no further mentions
100.0	100.0	99.8	100.1	100.0	
CV=.11	CV=.12	CV=.11	CV=.10	CV=.07	

Variable Numbers					
46 (first mention)	49 (second mention)	52 (third mention)	55 (fourth mention)	58 (fifth mention)	83. For what kind of an organization did you do this?
13.2	6.5	2.1	1.2	0.5	01. Religious
0.9	0.3	0.2	0.0	0.1	02. Combined appeals
7.5	5.2	2.0	1.1	0.3	03. Community
2.9	1.0	0.9	0.6	0.3	04. Health and medical
0.6	0.2	0.2	0.1	0.1	05. Higher education
0.9	0.9	0.6	0.2	0.1	06. Elementary and secondary education
0.6	0.6	0.3	0.1	0.0	07. Social welfare
0.4	0.2	0.1	0.1	0.0	08. Cultural
0.2	0.1	0.0	0.1	0.0	09. Public affairs
0.3	0.3	0.1	0.0	0.1	10. Environment
0.0	0.1	0.1	0.1	0.0	11. International (HIGH PRIORITY)
0.0	0.0	0.0	0.0	0.0	12. Private foundation or trust
0.2	0.2	0.1	0.0	0.0	17. Other charitable
1.5	0.5	0.3	0.1	0.0	18. Noncharitable - political
1.3	1.0	0.7	0.3	0.1	19. Noncharitable - other
0.0	0.6	0.0	0.0	0.0	98. DK
0.3	0.1	0.1	0.0	0.0	99. NA
68.4	82.0	91.6	93.2	98.3	00. Nothing, inap., no further mentions
100.1	99.8	100.0	99.9	99.9	
CV=.12	CV=.12	CV=.12	CV=.10	CV=.10	

Variable Number		
47, 50, 53, 56, 59	(SEE V467)	84. About how many hours of your time did ACTIVITY take altogether in 1973? (five mentions)

Actual number of hours (001-997)

997. 997 or more hours
998. DK
999. NA

000. Inap., no further mentions

Variable Number	Percent	Content
60		B6. SUMMARY - Total number of activities listed by respondent in B2
	13.6	1. One
	9.5	2. Two
	4.3	3. Three
	2.6	4. Four
	1.4	5. Five
	0.2	6. Six
	0.1	7. Seven or more
	0.1	8. DK
	0.0	9. NA
	68.3	0. Inap.
	100.1 CV=.12	
61		B7. How much would you say your volunteer time was worth per hour if the organization(s) had to pay someone to do the work?
		Actual number of dollars (01-97)
		97. $97 or more
		98. DON'T KNOW
		99. NA
		00. Inap., none, nothing
62		B8. Was any of this volunteer time paid time off from a job?
	2.0	1. YES
	29.0	5. NO
	0.0	8. DK
	0.6	9. NA
	68.4	0. Inap.
	100.0 CV=.16	
63		B8a. About how much time was that?
	(SEE V489)	Actual number of hours (001-997)
		997. 997 or more hours
		998. DK
		999. NA
		000. Inap.

Variable Number	Percent	Content
64		B9. Do you sometimes volunteer time to religious or other charitable organizations when you would rather give money?
	5.4	1. YES
	25.4	5. NO
	0.0	8. DK
	0.9	9. NA
	68.4	0. Inap.
	100.1 CV=.13	

Variable Numbers 65	66	67	B9a. Why do you continue to give time? (3 mentions)
0.1	0.0	0.0	1. Everyone (every member) is expected to give time
1.4	0.2	0.0	2. If I didn't do it, no one else would; someone has to do it
1.4	0.2	0.0	3. They really need it, deserve it
0.6	0.0	0.0	4. Don't have the money
0.5	0.1	0.0	5. Internal pressure; e.g., feel guilty if I don't
0.2	0.0	0.0	6. External pressure type answers
0.3	0.0	0.0	7. I can't refuse them; can't say no; unclear whether internal or external pressure
0.5	0.1	0.0	8. Other
0.6	0.0	0.0	9. DK, NA
94.6	99.2	100.0	0. Inap., no further mention
100.2	99.8	100.0	
CV=.07	CV=.05	CV= --	

Variable Number	Percent	Content
V68		B10. If you gave the money instead, would the organization pay someone to do the work, or would they still rely on volunteers?
	0.4	1. PAY SOMEONE TO DO THE WORK
	4.4	2. STILL RELY ON VOLUNTEERS
	0.1	3. Both; one organization would do one thing, another the opposite
	0.5	8. DON'T KNOW
	0.0	9. NA
	94.6	0. Inap.
	100.0 CV=.07	

Variable Number	Percent	CHECKPOINT [A]
69		
	69.3*	1. WIFE IN HOUSEHOLD
	30.7	2. NO WIFE IN HOUSEHOLD
	100.0 CV=.40	

Variable Number	WIFE	B11. (SRC version) How about your wife? Did she spend any time last year doing unpaid work for organizations or individuals? B11. (CENSUS version) How about your wife - did she spend any time last year doing unpaid work for a religious or charitable organization, community group, educational institution or political or social organization?
70		
	42.9	1. YES
	56.8	5. NO
	0.1	8. DK
	0.1	9. NA
	0.1	0. Inap.
	100.0 CV=.13	

Variable Numbers					
71	74	77	80	83	B12. [illegible] (Act[illegible]ties)
		WIFE			
12.2	6.5	3.7	1.5	0.6	01. Fu[illegible]
4.5	2.3	0.9	0.6	0.3	02. Le[illegible]
11.0	7.5	2.9	1.5	0.4	03. Clerical or manual labor
7.9	4.3	2.0	0.9	0.1	04. Teaching
0.7	0.6	0.4	0.1	0.0	05. Professional
0.7	0.6	0.3	0.0	0.0	06. Hospital
2.3	0.9	1.2	0.3	0.1	07. Counseling, visitations
0.7	0.5	0.2	0.1	0.3	08. Organize
0.0	0.0	0.0	0.0	0.1	09. Several activities
0.4	0.2	0.2	0.0	0.1	10. Ushering, choir
0.1	0.2	0.2	0.1	0.0	97. Other
0.0	0.0	0.1	0.0	0.0	98. DK
2.4	1.4	0.6	0.3	0.1	99. NA
57.1	75.0	87.4	94.6	97.8	00. Inap., no further mentions
100.0	100.0	100.1	100.0	99.9	
CV=.12	CV=.12	CV=.11	CV=.09	CV=.07	

Variable Numbers					
72 (first activity)	75 (second activity)	78 (third activity)	81 (fourth activity)	84 (fifth activity)	B13. For what kind of an organization did she do this? (5 activities)
18.4	9.5	6.1	2.0	0.4	01. Religious
0.8	0.1	0.3	0.1	0.0	02. Combined appeals
7.1	4.7	2.4	0.8	0.4	03. Community
10.4	5.3	2.0	1.2	0.5	04. Health and medical
0.2	0.1	0.1	0.1	0.0	05. Higher education
2.5	2.9	1.6	0.6	0.1	06. Elementary and secondary education
0.6	0.6	0.4	0.2	0.1	07. Social welfare
0.3	0.7	0.1	0.1	0.2	08. Cultural
0.1	0.1	0.2	0.1	0.0	09. Public affairs
0.1	0.0	0.0	0.1	0.0	10. Environment
0.7	0.2	0.1	0.0	0.0	11. International (HIGH PRIORITY)
0.1	0.0	0.0	0.0	0.0	12. Private foundation or trust
0.0	0.1	0.0	0.0	0.1	27. Other charitable
0.4	0.4	0.2	0.1	0.0	28. Noncharitable - political
0.8	0.6	0.6	0.2	0.3	29. Noncharitable - other
0.1	0.0	0.0	0.0	0.0	98. DK
0.3	0.1	0.2	0.1	0.0	99. NA
57.1	75.0	87.4	94.5	97.9	00. Inap., no further mentions
100.0	99.9	99.9	100.2	100.0	
CV=.14	CV=.13	CV=.12	CV=.09		

Variable Number		B14. About how many hours of her time did ACTIVITY take altogether in 1973? (5 activities)
73, 76, 79, 82, 85	(SEE V491)	Actual number of hours (001-997)
		997. 997 or more hours
		998. DK
		999. NA
		000. Inap., no further mentions

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*These are the 2173 cases included when WIFE only are tabulated.

Variable Number	Percent	Content
86		B12. SUMMARY - Total number of activities listed in B12
	WIFE	
	18.0	1. One
	12.2	2. Two
	7.1	3. Three
	3.2	4. Four
	2.0	5. Five
	0.1	6. Six
	0.0	7. Seven
	0.0	8. DK
	0.0	9. NA
	57.4	0. None, Inap.
	100.0 CV=.13	
87	(SEE V492)	B16. How much would you say her volunteer time was worth per hour if the organization(s) had to pay someone to do the work?
		Actual number of dollars (01-97)
		97. $97 or more
		98. DON'T KNOW
		99. NA
		00. Inap., nothing
88		B17. Did her volunteer work also cost something for transportation or child care or equipment or materials?
	WIFE	
	23.6	1. YES
	17.4	5. NO
	0.0	8. DK
	1.6	9. NA
	57.4	0. Inap.
	100.0 CV=.15	
89	(SEE V493)	B17a. About how much did it cost?
		Actual number of dollars (001-997)
		997. $997 or more
		998. DK
		999. NA
		000. Inap.

Variable Number	Percent	Content
90		B18. Was any of her volunteer time paid time off from a job?
	WIFE	
	0.5	1. YES
	42.0	5. NO
	0.0	8. DK
	0.2	9. NA
	57.4	0. Inap.
	100.1 CV=.15	
91	(SEE V494)	B18a. How much of this was paid time off?
		Code actual number of hours (001-997)
		997. 997 or more hours
		998. DK
		999. NA
		000. Inap.
92		B19. (SRC version) Did you (or your wife) spend any time during 1973 giving unpaid help to friends, neighbors, or relatives who do not live with you?
		B19. (CENSUS version) Did you (or your wife) spend as much as 50 hours altogether during 1973 giving unpaid help to individuals who did not live with you, such as caring for a sick person?
	56.4	1. YES
	42.1	5. NO
	0.0	8. DK
	1.5	9. NA
	100.0 CV=.09	

Variable Number 93,94,95	Percent		Content
93	94	95	B19a. What kinds of things did you do? (3 mentions)
19.6	8.6	1.3	01. Manual labor - cleaning, painting canning, yard work
6.5	5.6	1.3	02. Doing errands, driving, shopping
13.5	6.7	1.6	03. Baby sitting; sitting with sick, aged, invalid
2.2	1.0	0.2	04. Professional skill related to respondent's occupation (not listed elsewhere) or specialized skill such as tutoring
6.6	2.2	0.3	05. Helping people move
2.9	0.8	0.3	06. Counseling, visitation or other personal contacts
0.0	0.0	0.4	09. Multiple activities; used only if more than 3 activities listed
0.5	0.9	0.1	97. Other
0.2	0.0	0.0	98. DK
2.3	0.2	0.0	99. NA
45.9	74.3	94.7	00. Inap., no further mentions
100.0	100.1	100.0	
CV=.08	CV=.06	CV=.04	

V96

B19b. About how many hours of your time did that take altogether in 1973?

(SEE V495)

Actual number of hours (001-997)

997. 997 or more hours
998. DK
999. NA
000. Inap.

Variable Number	Percent	Content
97		C1. (SRC version) Now we have some questions about your contributions of money, property or possessions. Let's start with your contributions to religious or other charitabl organizations. Did you (or your wife) give anything in 1973 to a religious organization or to other charities such as the United Way, Heart Association, educational institutions, or other things like these? C1. (CENSUS version) Now we have some questions about your contributions of money, property or possessions. Let's start with your contributions to religious or charitable organizations, community groups and educational institutions, but not political or social groups. Did you (or your wife) give anything in 1973 to such organizations, including your church, a college, the United Way, the Heart Association, or other things like these?
	88.0	1. YES
	11.9	5. NO
	0.0	8. DK
	0.0	9. NA
	99.9 CV=.17	
98		C2. Did these contributions amount to more than $100?
	51.1*	1. YES
	36.7	5. NO
	0.1	8. DK
	0.1	9. NA
	12.0	0. Inap.
	100.0 CV= .22	

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*These are the 1961 cases included when Givers only are tabulated.

Variable Number	Percent All	Percent Givers	C3. To what organization did you give the most in 1973?
99			
	41.3	80.5	01. Religious
	4.4	8.5	02. Combined appeals
	0.6	1.3	03. Community
	2.2	4.2	04. Health and medical
	0.7	1.4	05. Higher education
	0.2	0.4	06. Elementary and secondary education
	0.7	1.4	07. Social welfare
	0.1	0.2	08. Cultural
	0.0	0.0	09. Public affairs
	0.1	0.2	10. Environment
	0.4	0.8	11. International (High priority)
	0.0	0.0	12. Private foundation or trust
	0.0	0.1	27. Other charitable
	0.1	0.1	28. Noncharitable - political
	0.1	0.2	29. Noncharitable - other
	0.0	0.0	98. DK
	0.1	0.2	99. NA
	48.9	0.0	00. Inap.
	99.9	100.0	
	CV=.20	CV=.13	

Variable Number	Percent	Content
100		C4. Tell me about the (first) organization you just mentioned. Did you give money, or did you give property or possessions?
	Givers	
	94.1	1. MONEY
	1.1	2. PROPERTY OR OTHER POSSESSIONS
	4.4	3. BOTH
	0.0	8. DK
	0.3	9. NA
	0.2	0. Inap.
	100.1 CV=.07	

101

C5a, C5b. How much money did you give to that organization in 1973?

Actual dollar amount (000001-999997)

999997. $999997 or more
999998. DK
999999. NA
000000. Inap.

Variable Number	Givers 102	Givers 103	C6. What type of property or possessions did you contribute?
102 103			2 Mentions
	0.0	0.0	1. Art - to be used by recipient
	0.0	0.0	2. Art - likely to be sold by recipient, or cannot tell
	0.0	0.0	3. Real estate or buildings - to be used by recipient
	0.1	0.0	4. Real estate or buildings - likely to be sold by recipient, or cannot tell
	0.5	0.0	5. Stocks, bonds
	0.4	0.1	6. Equipment - printing press, kitchen equipment, etc.
	3.6	0.4	7. Furniture, clothing, books, household goods
	0.8	0.0	8. Other
	0.2	0.0	9. NA
	94.5	99.5	0. Inap; no second mention
	100.1	100.0	
	CV=.13	CV=.08	

Variable Number	Percent	Content
104		C7. About how much was this worth when you gave it?
		Actual dollar amount (000001-999997)
		999997. $999997 or more
		999998. DK
		999999. NA
	*	000000. Inap.
105	Givers	C8. Was this worth more than when you first acquired it?
	0.8	1. YES
	0.0	2. Some of the property worth more than when acquired
	1.5	5. NO
	0.0	8. DK
	0.6	9. NA
	97.0	0. Inap., C7 less than $200
	99.9 CV=.12	
106	Givers	C9. Had it increased in value by more than 100%?
	0.2	1. YES
	0.0	2. Some property appreciated more than 100%
	0.6	5. NO
	0.0	8. DK
	99.1	9. NA
	0.0	0. Inap., C7 less than $200
	99.9 CV=.11	
107	Givers	C10. If you had not given it away, would you have held it or sold it?
	0.2	1. Held
	0.1	2. Sold
	0.0	3. Both; held part, sold part
	0.3	8. DK
	0.0	9. NA
	99.5	0. Inap., C7 less than $200
	100.1 CV=.13	

Variable Number	Percent	Content
108	Givers	C10a. Why is that? (PRIORITY ORDER)
	0.0	1. Tax reasons (avoid capital gains tax)
	0.0	2. No personal need for money
	0.1	3. Expect appreciation (increase in value)
	0.0	7. Other
	0.0	8. DK
	0.0	9. NA
	99.8	0. Inap., C7 less than $200
	99.9 CV=.12	

Variable Number	Givers 109	Givers 110	Content
109 110			C11, C11a. What is the main reason you gave to ORGANIZATION FROM C3?
			2 mentions
	31.5	0.2	1. Approve of their activities; it's a good cause
	16.6	6.5	2. They need the money; "others need more than I"
	11.5	3.1	3. Feel obliged to help; would feel guilty if I didn't
	0.2	4.4	4. Reciprocity - get some benefit back including past benefit or things like "family member has/had that disease"
	26.6	11.7	5. (LOW PRIORITY) Because we belong there; we attend; "the Bible says to"
	1.1	0.6	6. External pressure; force; "we have a quota"
	1.9	1.4	7. Other
	0.0	0.0	8. DK
	4.7	0.0	9. NA
	0.0	67.9	0. Inap., no second mention
	99.9 CV=.07	100.0 CV=.08	

Variable Number	Percent	Content
111	Givers	C12. Have you served on any committees or advisory groups for the organization in the past 5 years?
	34.7	1. YES
	64.6	5. NO
	0.0	8. DK
	0.7	9. NA
	0.0	0. Inap.
	100.0 CV=.07	

Variable Number	Percent	Content
112	Givers	C13. Are you active in the organization now?
	62.5	1. YES
	34.8	5. NO
	0.0	8. DK
	2.7	9. NA
	0.0	0. Inap.
	100.0	

Variable Number	Givers V113	Givers V114	Content
113 114			C13a. In what ways? C13b. Any other ways? PRIORITY ORDER IS 1, 2, 5, 3, 6, 4 C[illegible]mentions?
	0.8	0.0	1. Paid work
	10.7	0.7	2. Unpaid (or cannot tell) - management or policy making, advisory groups
	11.8	5.2	3. Unpaid (or cannot tell) - committee work; teaching; organizing; supervising; visiting, personal contacts, ushering
	14.9	1.8	4. Attend general meetings including church attendance
	0.8	0.9	5. Fund raising
	7.9	1.6	6. Unpaid (or cannot tell) manual labor, clerical, etc.
	0.2	0.2	7. Other
	0.0	0.0	8. DK
	5.9	0.0	9. NA
	57.8	89.8	0. Inap., no second mention
	100.0	100.0	
	CV=.07	CV=.06	

Variable Number	Percent	Content
115	Givers	C14. Do you know personally anyone who is involved in running the organization?
	70.0	1. YES
	26.8	5. NO
	0.3	8. DK
	2.9	9. NA
	0.0	0. Inap.
	100.0 CV=.07	

Variable Number	Percent	Content
116	Givers	C15. Over the past five years has this generally been the main organization to which you gave?
	90.6	1. YES
	6.6	5. NO
	0.1	8. DK
	2.7	9. NA
	0.0	0. Inap.
	100.0	
	CV=.08	

Variable Number	Percent	Content
117	Givers	C15a. What was the main organization to which you gave? (ASKED ONLY IF ANSWER TO C15 WAS "NO")
	2.2	01. Religious
	1.0	02. Combined appeals
	0.6	03. Community
	1.1	04. Health and medical
	0.2	05. Higher education
	0.1	06. Elementary and secondary education
	0.1	07. Social welfare
	0.2	08. Cultural
	0.0	09. Public affairs
	0.0	10. Environment
	0.1	11. International (HIGH PRIORITY)
	0.0	12. Private foundation or trust
	0.1	27. Other charitable
	0.0	28. Noncharitable - political
	0.1	29. Noncharitable - other
	0.1	98. DK
	0.7	99. NA
	93.4	00. Inap.
	100.0 CV=.11	

Variable Number	Percent	Content
118	Givers	C16. Are there other organizations to which you also gave a large portion of your total gifts in 1973 (MONEY AND PROPERTY OR POSSESSIONS)?
	42.9	1. YES
	56.6	5. NO
	0.0	8. DK
	0.2	9. NA
	0.3	0. Inap.
	100.0 CV=.12	

Variable Number	Percent	Content
119		C16a. Which organizations are they?

Total number of organizations

Givers	
17.0	1. One
9.6	2. Two
11.5	3. Three
7.8	4. Four
1.3	5. Five
0.7	6. Six
0.2	7. Seven or more
0.0	8. DK
0.1	9. NA
57.2	0. Inap.
100.1 CV=.11	

120,128,136 — NAME OF ORGANIZATION (3 organizations)

Givers 120	Givers 128	Givers 136	
5.7	2.7	1.6	01. Religious
13.6	2.7	1.8	02. Combined appeals
6.1	3.3	2.2	03. Community
9.3	9.3	5.8	04. Health and medical
2.5	1.6	0.5	05. Higher education
0.6	0.5	0.3	06. Elementary and secondary education
4.0	3.6	2.1	07. Social welfare
0.3	0.2	0.4	08. Cultural
0.4	0.1	0.0	09. Public affairs
0.2	0.2	0.1	10. Environment
1.2	0.9	0.4	11. International (HIGH PRIORITY)
0.0	0.0	0.0	12. Private foundation or trust
0.2	0.0	0.0	27. Other charitable
0.1	0.0	0.0	28. Noncharitable - political
0.0	0.1	0.4	29. Noncharitable - other
1.0	0.2	0.1	98. DK
0.1	0.1	0.0	99. NA
57.0	76.6	86.3	00. Inap.
[illegible]	[illegible]	[illegible]	
CV=.15	CV=.16	CV=.16	

121,129,137 — C17. Did you give money, or did you give property or possessions? (3 organizations)

Givers 121	Givers 129	Givers 137	
38.6	23.6	14.3	1. MONEY
2.3	1.5	1.1	2. PROPERTY
1.0	0.6	0.2	3. BOTH
0.0	0.0	0.0	8. DK
0.7	0.1	0.1	9. NA
57.3	74.6	84.4	0. Inap., no further organizations listed
100.1	100.0	100.1	
CV=.13	CV=.13	CV=.12	

Variable Number	Percent	Content
122 130 138	(See [illegible])	C18. About how much money did you contribute? (in 1973) (3 organizations)

Actual number of dollars (000001-999997)

999997. 999997 or more
999998. DK
999999. NA
000000. Inap., no further organizations listed

Variable Number	Percent	Content
123 131 139	(See [illegible])	C19. What was the value of the property or possessions you contributed? (3 organizations)

xxxxxx. Actual dollar amount
999997. 999997 or more
999998. DK
999999. NA
000000. Inap., less use of property; gave property of no market value; "nothing"; only MONEY given to Q.C17 or DK, NA what given; no further organizations listed

C20-C20a. What is the main reason you gave to (ORGANIZATION)? Anything else?

FIRST 2 MENTIONS

Givers 124	Givers 125	Givers 132	Givers 133	Givers 140	Givers 141	
29.6	2.5	21.5	1.8	7.3	0.3	1. Approve of their activities; it's a good cause
2.6	1.3	1.0	0.5	1.0	0.2	2. They need the money
1.9	0.2	0.5	0.2	0.4	0.0	3. Feel obligated to help; would feel guilty if I didn't
4.8	1.6	3.0	1.1	1.9	0.5	4. Reciprocity - get some benefit back like past benefit or things like "family member has/had that disease"
1.6	0.5	0.7	0.4	6.6	0.3	5. (LOW PRIORITY) Because we belong to/attend; "the Bible says to"
3.5	0.5	1.0	0.1	0.5	0.2	6. External pressure; force; "we have a quota"
1.2	0.3	0.8	0.1	0.6	0.0	7. Other
0.1	0.0	0.1	0.0	0.0	0.0	8. DK
9.1	0.3	0.1	0.4	3.0	0.2	9. NA
57.4	93.7	74.6	96.3	86.3	98.1	0. Inap., no further organizations listed
[illegible]	100.0	100.1	100.1	100.1	100.0	
[illegible]	.09	.12	.06	.11	.07	

Variable Number **Percent**

Content

Givers		
128	136	142
6.0	2.4	1.5
34.1	21.5	13.5
0.0	0.0	0.0
2.9	1.5	0.7
57.0	74.6	84.3
100.0	100.0	100.0
CV=.16	CV=.16	CV=.13

C21. In the past five years did you serve on any committees or advisory groups for (ORGANIZATION)?

1. YES
5. NO
8. DK
9. NA
0. Inap.

Givers		
127	135	143
15.5	7.5	4.0
26.1	16.2	15.1
0.0	0.0	0.0
1.2	1.7	0.8
57.2	74.6	80.1
100.0	100.0	100.0
CV=.18	CV=.19	CV=.15

C22. Do you know personally anyone who is actively involved in running the organization?

1. YES
5. NO
8. DK
9. NA
0. Inap.

144

(See V517)

C23. Aside from the organizations we have talked about, how many other organizations did you contribute to in 1973?

Actual number (00-97)

97. 97 or more
98. DK
99. NA
00. Inap., or none

Givers				
V165 (Medical)	V166 (Welfare)	V167 (Cultural)	V168 (Environmental)	V169 (Human Rights)
67.5	25.8	2.6	0.8	1.2
30.1	71.6	94.9	96.7	96.2
0.0	0.0	0.0	0.0	0.1
0.5	0.5	0.5	0.5	0.4
1.7	2.1	2.0	2.0	2.1
99.8	100.0	100.0	100.0	100.0
CV=.05	CV=.05	CV=.11	CV=.07	CV=.06

Content

C23a. What types of organizations are they?

NOTE: This includes organizations mentioned in C3 (V90) and C20a (V120,V128,V136).

1. Mentioned
5. Not mentioned
8. DK
9. NA
0. Inap.

V150

(See V501)

C24. Now, if we add up all your contributions of money and property or possessions, what would the total come to for 1973?

Actual dollar amount (000001-999997)

999997. $999997 or more
999998. DK
999999. NA
000000. Inap.

V151

(See V510)

C25. About how much of the total, or what percent went to support activities in your own local community?

Actual percentage (001-100)

998. DK
999. NA
000. Inap., none

Variable Number	Percent	Content
152		C26. About how much of the total, or what percent, went to support activities in your own local community?
	(See V511)	Actual percentage (001-100)
		998. DK
		999. NA
		000. Inap., none
153		C27. About how much of the total, or what percent, went directly to institutions like colleges or universities?
	(See V512)	Actual percentage (001-100)
		998. DK
		999. NA
		000. Inap., none
154		C28. Do you make your gifts whenever the various requests come, or at certain times of the year, or what?
	Givers	
	50.7	1. When requests come
	1.6	2. (HIGH PRIORITY) End of year or multiple mentions which include "end of year"
	1.9	3. When receive income
	4.5	4. No pattern
	13.9	5. Regularly; at certain times of the year
	24.1	6. Both multiple mentions except those coded 2
	0.3	7. Other
	0.1	8. DK
	3.0	9. NA
	0.0	0. Inap.
	100.1 CV=.09	

Variable Number	Percent	Content
155		C29. Do you have some total amount which you feel you should give annually, or do you just make decisions on each gift on its own merit?
	Givers	
	12.7	1. Annual total; "I tithe"
	68.6	2. Each on merit
	9.9	3. Both
	1.7	4. Depends on income; what we can afford
	1.8	7. Other
	0.1	8. DK
	5.0	9. NA
	0.0	0. Inap.
	99.9 CV=.06	
156		C30. Are there some things you don't like about the way your contributions are used?
	Givers	
	27.5	1. YES
	62.4	5. NO
	9.5	7. DON'T KNOW HOW CONTRIBUTIONS USED
	0.0	8. DK
	0.4	9. NA
	0.1	0. Inap.
	99.9 CV=.07	
157		C30a. What are they?
	Givers	
	12.7	1. Too much spent on fund raising or administration
	5.2	2. Some money goes to "non-deserving" individuals or causes
	2.8	3. Don't know what they do with the money, who gets it; don't trust them
	1.6	4. Mishandling of funds
	2.2	5. Money doesn't get to people who need it
	0.4	6. Don't like how they allocate the money, e.g., send money abroad when needed locally
	1.5	7. Other
	0.0	8. DK
	1.3	9. NA
	72.6	0. Inap.
	99.9 CV=.07	

Variable Number	Percent			Content
158				C11. Do you get any expert advice on where or how to make contributions?
	Givers			
	3.1			1. YES
	96.1			5. NO
	0.0			8. DK
	0.6			9. NA
	0.1			0. Inap.
	99.9	CV=.05		
159				C11a. Who gave you this advice - was it a lawyer, an accountant, someone from a charitable organization, or someone else?
	Givers			
	0.3			1. Lawyer
	0.2			2. Accountant or CPA
	1.7			3. Someone from charity
	0.1			4. Books or magazines
	0.0			7. Other
	0.0			8. DK
	0.1			9. NA
	96.7			0. Inap.
	99.9	CV=.07		
160	Givers			CHECKPOINT [D]
	80.6			1. WIFE IN HOUSEHOLD
	19.4			2. NO WIFE IN HOUSEHOLD
	0.0			0. Inap.
	100.0	CV=.30		
161	Givers	Wife		C12. Are your decisions about amounts to give made jointly with your wife?
	66.0	44.3		1. YES
	0.1	4.5		3. SOME YES, SOME NO
	13.6	9.8		5. NO
	0.0	5.0		8. DK
	1.0	0.7		9. NA
	19.3	40.7		0. Inap.
	100.0	100.0		
	CV=.17	CV=.19		

Variable Number	Percent			Content
162				C12a. Have you included any contributions your wife may have made in what we've been talking about?
	Givers	Wife		
	14.6	10.6		1. YES
	1.7	1.3		3. WIFE DOESN'T CONTRIBUTE
	3.2	2.9		5. NO; some; not all
	0.1	0.1		8. DK
	0.1	0.0		9. NA
	80.3	85.0		0. Inap.
	100.0	99.9		
	CV=.20	CV=.17		
163				C12b. About how much did they amount to in 1973?
				Actual dollar amount (000001-999997)
	(See V168)			999997. 999997 or more
				999998. DK
				999999. NA
				000000. Inap.
164	Givers			Assignment Code
	1.6			1. Total contributions assigned (C24)
	1.9			2. 1973 income assigned (D23)
	0.3			3. Both income and contributions assigned
	0.2			4. 1970 income assigned (PANEL ONLY)
	3.0			5. 1970 income and contributions assigned
	0.1			6. 1973 income and 1970 income assigned
	0.0			7. 1973 income, 1970 income, and contributions assigned
	92.8			0. No assignments
	99.9	CV=.07		

Variable Number	SRC Percent	Census Percent	Content
165			C13. Would you say that your total contributions to charitable and religious organizations in 1973 were higher than they were in 1968, or lower, or what?
	Givers		
	71.1		1. HIGHER
	17.7		3. SAME
	8.6		5. LOWER
	2.0		8. DK
	0.5		9. NA
	0.1		0. Inap., DID NOT CONTRIBUTE OVER $100 TO CHARITABLE ORGANIZATIONS (C1 or C2)
	100.0	CV=.08	
166			C14. By how much did they go up, from 1968 to 1973?
			Actual percent (001-997)
	(See V119)		997. 997% or more; did not give in 1968
			998. DK
			999. NA
			000. Inap.
167			C15. Did you increase your gifts to some charities more than others, or did you increase giving to all organizations about equally?
	Givers		
	21.6		1. SOME UP MORE THAN OTHERS
	49.5		2. UP EQUALLY
	0.2		8. DK
	0.7		9. NA
	28.0		0. Inap.
	100.0	CV=.08	

Percent		Content
V168	V169	15a. To which charities did you increase your contributions the most? (2 mentions)
25.1	0.5	01. Religion
2.9	1.6	02. Combined appeals
1.2	0.7	03. Community
1.0	0.8	04. Health and medical
0.9	0.4	05. Higher education
0.3	0.2	06. Elementary and secondary education
0.6	0.3	07. Social welfare
0.1	0.1	08. Cultural
0.0	0.0	09. Public affairs
0.1	0.0	10. Environment
0.4	0.0	11. International (HIGH PRIORITY)
0.0	0.0	12. Private foundation or trust
0.0	0.0	77. Other charitable
0.0	0.0	28. Noncharitable - political
0.0	0.0	29. Noncharitable - other
0.2	0.0	98. DK
0.7	0.0	99. NA
66.4	95.9	00. Inap.
99.9	99.9	
CV=.11	CV=.10	

Percent Givers V170	Percent Givers V171	C30b. Why is that? (2 mentions)
4.2	0.6	01. Changed family income
0.6	0.1	02. Changed family needs
0.1	0.3	03. Family sympathetic to or benefited from organization
3.3	0.8	04. Changed interest, involvement
0.0	0.0	05. "Given enough already"
7.3	0.7	06. Changed needs of organization
0.7	0.1	07. New or better information
1.0	0.3	08. Pressure at work or from organization
0.7	0.3	09. Inflation
0.2	0.0	10. Tax reasons
4.1	1.3	16. Our favorite, believe in it
0.1	0.1	17. Other family-based reasons
0.4	0.5	18. Other external reasons or forces
0.8	0.5	19. Other
0.6	0.5	98. DK
2.4	0.8	99. NA
58.4	93.6	00. Inap.
99.9	100.0	
(%=.09)	(%=.08)	

V172

Givers	C31. Are there any organizations to which you gave less in 1973 than you did in 1968?
6.3	1. YES
30.1	5. NO
0.7	8. DK
0.4	9. NA
62.5	0. Inap.
100.0 (%=.26)	

Percent Givers V173	Percent Givers V174	Contents C30c. What are they? (2 mentions)
0.7	0.2	01. Religious
1.6	0.3	02. Combined appeals
0.7	0.0	03. Community
1.1	0.2	04. Health and medical
0.2	0.0	05. Higher education
0.4	0.0	06. Elementary and secondary education
0.5	0.0	07. Social welfare
0.0	0.0	08. Cultural
0.1	0.0	09. Public affairs
0.0	0.0	10. Environment
0.3	0.1	11. International (HIGH PRIORITY)
0.0	0.0	12. Private foundation or trust
0.0	0.0	27. Other charitable
0.0	0.7	28. Noncharitable - political
0.2	0.0	29. Noncharitable - other
0.5	0.0	98. DK
0.6	0.0	99. NA
93.3	99.1	00. Inap.
100.0	100.0	
(%=.08)	(%=.12)	

Percent Givers V175	Percent Givers V176	Content: C36a. Why is that? (2 mentions)
7.8	0.0	01. Changed family income
0.2	0.0	02. Changed family needs
0.1	0.0	03. Family sympathetic to or benefited from organization
2.1	0.1	04. Changed interest, involvement
0.6	0.0	05. "Given enough already"
0.7	0.0	06. Changed needs of organization
0.0	0.0	07. New or better information
0.3	0.0	08. Pressure at work or from organization
0.2	0.0	09. Inflation
0.0	0.0	15. Tax reasons
0.0	0.0	16. Our favorite, believe in it
0.0	0.1	17. Other family-based reasons
0.5	0.0	18. Other external reasons or forces
0.0	0.0	19. Other
0.1	0.0	98. DK
0.0	0.0	99. NA
93.3	99.8	00. Inap.
100.0	99.9	
CV=.08	CV=.07	

V177

C37. By how much did they go down, from 1968 to 1973?

Actual percentage (01-97)

97. 97% or more
98. DK
99. NA

00. Inap.

Percent Givers V178	Percent Givers V179	Content: C38. Why did they go down? (2 mentions)
1.7	0.2	01. Changed family income
2.7	0.3	02. Changed family needs
0.0	0.0	03. Family sympathetic to or benefited from organization
0.0	0.1	04. Changed interest, involvement
0.0	0.0	05. "Given enough already"
0.0	0.0	06. Changed needs of organization
0.1	0.0	07. New or better information
0.0	0.1	08. Pressure at work or from organization
0.5	0.1	09. Inflation
0.1	0.0	15. Tax reasons
0.5	0.0	16. Our favorite, believe in it
0.5	0.0	17. Other family-based reasons
0.3	0.0	18. Other external reasons or forces
0.0	0.0	19. Other
0.1	0.0	98. DK
0.1	0.0	99. NA
91.6	99.2	00. Inap.
99.9	100.0	
CV=.10	CV=.05	

V180

C39. Did you reduce your gifts to some charities more than others, or did you reduce giving to all organizations about equally?

V180		
2.6		1. SOME REDUCED MORE THAN OTHERS
0.1		5. REDUCED EQUALLY
0.0		8. DK
0.0		9. NA
91.5		0. Inap.
100.0	CV=.09	

Percent Givers V181	Percent Givers V182	Content C39a. To which charities did you reduce your contributions the most? (2 mentions)
1.0	0.0	01. Religious
0.3	0.0	02. Combined appeals
0.1	0.0	03. Community
0.4	0.2	04. Health and medical
0.1	0.1	05. Higher education
0.0	0.0	06. Elementary and secondary education
0.0	0.1	07. Social welfare
0.0	0.0	08. Cultural
0.0	0.0	09. Public affairs
0.0	0.0	10. Environment
0.0	0.0	11. International (HIGH PRIORITY)
0.0	0.0	12. Private foundation or trust
0.1	0.0	27. Other charitable
0.0	0.0	28. Noncharitable - political
0.0	0.0	29. Noncharitable - other
0.0	0.0	98. DK
0.3	0.1	99. NA
97.6	99.4	00. Inap.
100.0	99.9	
CV=.08	CV=.06	

Percent Givers V183	Percent Givers V184	Content C39b. Why is that? (2 mentions)
0.5	0.1	01. Changed family income
0.5	0.0	02. Changed family needs
0.0	0.0	03. Family sympathetic to or benefited from organization
0.4	0.1	04. Changed interest, involvement
0.0	0.0	05. "Given enough already"
0.1	0.0	06. Changed needs of organization
0.2	0.1	07. New or better information
0.1	0.2	08. Pressure at work or from organization
0.0	0.0	09. Inflation
0.0	0.0	10. Tax reasons
0.2	0.0	16. Our favorite, believe in it
0.0	0.0	17. Other family-based reasons
0.2	0.0	18. Other external reasons or forces
0.0	0.0	19. Other
0.0	0.0	98. DK
0.2	0.0	99. NA
97.6	99.5	00. Inap.
100.0	100.0	
CV=.10	CV=.04	

V185

Givers		C40. Are there any organizations you gave more to in 1973 than in 1968, or started giving to since then?
0.7		1. YES
1.7		5. NO
0.0		8. DK
0.0		9. NA
97.6		0. Inap.
100.0	CV=.04	

Givers V186	Givers V187	Content: C40a. Which ones are they? (2 mentions)
0.1	0.0	01. Religious
0.1	0.0	02. Combined appeals
0.1	0.0	03. Community
0.1	0.0	04. Health and medical
0.1	0.0	05. Higher education
0.0	0.0	06. Elementary and secondary education
0.1	0.0	07. Social welfare
0.0	0.0	08. Cultural
0.0	0.0	09. Public affairs
0.0	0.0	10. Environment
0.0	0.0	11. International (HIGH PRIORITY)
0.0	0.0	12. Private foundation or trust
0.0	0.0	27. Other charitable
0.0	0.0	28. Noncharitable - political
0.0	0.0	29. Noncharitable - other
0.1	0.0	98. DK
0.0	0.0	99. NA
99.2	100.0	00. Inap., no second mention
99.9	100.0	
CV=.08	CV=.07	

Percent: Givers V188	Percent: Givers V189	Content: C40b. Why is that? (2 mentions)
0.0	0.0	01. Changed family income
0.0	0.0	02. Changed family needs
0.2	0.0	03. Family sympathetic to or benefited from organization
0.0	0.0	04. Changed interest, involvement
0.0	0.0	05. "Given enough already"
0.2	0.0	06. Changed needs of organization
0.1	0.0	07. New or better information
0.1	0.0	08. Pressure at work or from organization
0.0	0.0	09. Inflation
0.0	0.0	10. Tax reasons
0.1	0.0	16. Our favorite, believe in it
0.0	0.0	17. Other family-based reasons
0.0	0.0	18. Other external reasons or forces
0.0	0.0	19. Other
0.0	0.0	98. DK
0.0	0.0	99. NA
99.3	99.9	00. Inap., no second mention
100.0	99.9	
CV=.07	CV=.08	

Givers V190		C41. Are there some organizations you gave less to in 1973 than in 1968?
2.4		1. SOME UP, SOME DOWN
14.2		2. ALL SAME
0.4		8. DK
0.7		9. NA
82.3		0. Inap.
100.0	CV=.05	

Percent		Content
Givers		C42. To which organizations did you give less in 1973? (2 mentions)
V191	V192	
0.1	0.0	01. Religious
0.7	0.1	02. Combined appeals
0.3	0.0	03. Community
0.3	0.4	04. Health and medical
0.1	0.0	05. Higher education
0.0	0.0	06. Elementary and secondary education
0.0	0.0	07. Social welfare
0.0	0.0	08. Cultural
0.0	0.0	09. Public affairs
0.0	0.0	10. Environment
0.4	0.0	11. International (HIGH PRIORITY)
0.0	0.0	12. Private foundation or trust
0.0	0.0	27. Other charitable
0.0	0.0	28. Noncharitable - political
0.0	0.0	29. Noncharitable - other
0.2	0.0	98. DK
0.2	0.0	99. NA
97.7	99.4	00. Inap., no second mention
100.0	99.9	
CV=.08	CV=.06	

Percent		Content
Givers		C43. Why is that? (2 mentions)
V193	V194	
0.4	0.0	01. Changed family income
0.3	0.0	02. Changed family needs
0.0	0.0	03. Family sympathetic to or benefited from organization
0.3	0.0	04. Changed interest, involvement
0.2	0.0	05. "Given enough already"
0.1	0.0	06. Changed needs of organization
0.4	0.0	07. New or better information
0.2	0.0	08. Pressure at work or from organization
0.0	0.0	09. Inflation
0.0	0.0	10. Tax reasons
0.0	0.0	16. Our favorite, believe in it
0.0	0.0	17. Other family-based reasons
0.0	0.0	18. Other external reasons or forces
0.0	0.0	19. Other
0.0	0.0	98. DK
0.5	0.0	99. NA
97.7	100.0	00. Inap., no second mention
100.1	100.0	
CV=.09	CV=.06	

Percent		Content
Givers		C44. To what organizations did you give more in 1973? (2 mentions)
V195	V196	
0.4	0.0	01. Religious
0.0	0.0	02. Combined appeals
0.3	0.0	03. Community
0.5	0.1	04. Health and medical
0.0	0.0	05. Higher education
0.0	0.0	06. Elementary and secondary education
0.3	0.0	07. Social welfare
0.0	0.0	08. Cultural
0.0	0.0	09. Public affairs
0.0	0.0	10. Environment
0.0	0.0	11. International (HIGH PRIORITY)
0.0	0.0	12. Private foundation or trust
0.0	0.0	27. Other charitable
0.0	0.0	28. Noncharitable - political
0.1	0.0	29. Noncharitable - other
0.2	0.0	98. DK
0.3	0.0	99. NA
97.9	99.9	00. Inap., no second mention
100.0	100.0	
CV=.06	CV=.06	

Percent		Content
Givers		C45. Why is that? (2 mentions)
V197	V198	
0.0	0.0	01. Changed family income
0.0	0.0	02. Changed family needs
0.6	0.0	03. Family sympathetic to or benefited from organization
0.1	0.2	04. Changed interest, involvement
0.0	0.0	05. "Given enough already"
0.4	0.0	06. Changed needs of organization
0.0	0.0	07. New or better information
0.0	0.0	08. Pressure at work or from organization
0.0	0.0	09. Inflation
0.0	0.0	10. Tax reasons
0.6	0.0	16. Our favorite, believe in it
0.0	0.0	17. Other family-based reasons
0.0	0.2	18. Other external reasons or forces
0.0	0.0	19. Other
0.0	0.0	98. DK
0.4	0.0	99. NA
97.8	99.6	00. Inap., no second mention
99.9	100.0	
CV=.08	CV=.06	

V199

Givers		
		C46. Has your total family income in 1973 higher or lower than it was in 1968?
78.7		1. HIGHER
5.6		3. SAME
13.7		5. LOWER
1.3		8. DON'T KNOW
0.6		9. NA
0.1		0. Inap.
100.0	CV=.09	

Variable Number	Percent	Content
200		C46a. By about what percent?
		Actual percentage (001-997)
	(See V530)	997. 997% or more
		998. DK
		999. NA
		000. Inap.

Variable Number	Givers	Content
201		47. Looking ahead to five years from now, what do you think will happen to your family's income during that period? Will it go up, go down, or stay the same?
	53.9	1. UP
	[illegible]	3. SAME
	[illegible]	5. DOWN
	12.0	8. DON'T KNOW
	0.6	9. NA
	0.1	0. Inap.
	100.0 CV=.10	

Variable Number	Givers	Content
202 (SRC)*		C47a. Will it go up faster than the cost of living, or slower, or just about as fast, or what?
	9.1	1. FASTER
	15.5	3. ABOUT AS FAST
	29.6	5. SLOWER
	1.8	8. DON'T KNOW
	0.0	9. NA
	44.0	0. Inap.
	100.0 CV=.13	

Variable Number	Givers	Content
203 (SRC)*		C48. What about your family needs and obligations - will they be going up in the next five years, or down, or what?
	57.5	1. Up
	17.7	3. Same, no change
	14.2	5. Down
	6.9	8. DK; depends
	3.6	9. NA
	0.1	0. Inap.
	100.0 CV=.06	

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*(SRC) Survey Research Center sample only.

Variable Number	Givers	Content
470 (CEN)**		C48. What about your giving to religious organizations and other charities - will that go up, go down, or remain the same?
	33.9	1. GO UP
	32.1	3. SAME
	20.2	5. GO DOWN
	12.4	8. DON'T KNOW
	0.0	9. NA
	1.3	0. Inap.
	99.9 CV=.12	

Variable Number	Givers	Content
471 (CEN)**		C48a. Do you think it will go up at the same rate as your income, or faster, or slower?
	2.2	1. FASTER
	27.9	3. SAME RATE
	9.6	5. SLOWER
	1.0	8. DON'T KNOW
	0.0	9. NA
	60.3	0. Inap.
	100.0 CV=.10	

204 (SRC)* — C49. What about your giving to religious organizations and other charities - will that go up, go down or remain about the same?

Variable Number	Givers V472	Givers V204	Content
472 (CEN)**			C49. Considering changes in your family needs and in the cost of living, will the amount of money you need for your family go up over the next five years, or go down, or stay the same?
	36.1	36.6	1. UP
	3.2	43.3	3. SAME
	2.8	8.3	5. DOWN
	1.2	11.0	8. DON'T KNOW
	0.0	0.7	9. NA
	56.7	0.1	0. Inap.
	100.0 CV=.16	100.0 CV=.10	

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*(SRC) Survey Research Center sample only.
**(CEN) Census sample only.

Variable Number	Percent		Content
205 (SRC)* 673 (CEN)**			C69a. (SRC) Do you think it will go up at the same rate as your income, or faster, or slower? (CENSUS) Will needs go up at the same rate as your income, or faster, or slower?
	Givers		
	V673	V205	
	26.6		1. (CENSUS) - FASTER
		6.8	1. (SRC) - FASTER OR INCOME WILL NOT RISE
	5.9	22.9	3. SAME RATE
	3.6	5.2	5. SLOWER
	2.2	1.6	8. DON'T KNOW
	0.0	0.3	9. NA
	63.9	63.5	0. Inap.
	100.0	100.1	
	CV=.15	CV=.09	

Variable Number	Percent		Content
206			C50. Do you expect to change the recipients of your giving - that is, give a greater proportion to some places and less to others in the future?
	Givers		
	16.9		1. YES
	81.3		5. NO
	1.5		8. DK
	0.3		9. NA
	0.1		0. Inap.
	100.1	CV=.06	

Percent		Content
Givers		C50a. What organizations will you give more to? (2 mentions)
V207	V208	
5.5	0.3	01. Religious
0.6	0.1	02. Combined appeals
0.6	0.1	03. Community
[illegible].2	1.5	04. Health and medical
1.0	0.3	05. Higher education
0.3	0.1	06. Elementary and secondary education
0.8	0.1	07. Social welfare
0.1	0.0	08. Cultural
0.1	0.2	09. Public affairs
0.[illegible]	0.0	10. Environment
0.5	0.2	11. International (HIGH PRIORITY)
0.0	0.0	12. Private foundation or trust
0.0	0.0	27. Other charitable
0.2	0.0	28. Noncharitable - political
0.1	0.1	29. Noncharitable - other
1.6	0.0	98. DK
0.9	0.0	99. NA
84.5	96.9	00. Inap., none
100.0	99.9	
CV=.10	CV=.09	

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*(SRC) Survey Research Center sample only.

**(CEN) Census sample only.

Percent		Content
Givers		C50b. What organizations will you give less to? (2 mentions)
V209	V210	
1.9	0.1	01. Religious
2.5	0.1	02. Combined appeals
0.7	0.3	03. Community
1.6	0.4	04. Health and medical
0.2	0.0	05. Higher education
0.3	0.0	06. Elementary and secondary education
0.5	0.1	07. Social welfare
0.1	0.5	08. Cultural
0.0	0.0	09. Public affairs
0.0	0.0	10. Environment
0.3	0.1	11. International (HIGH PRIORITY)
0.0	0.0	26. Private foundation or trust
0.1	0.0	27. Other charitable
0.2	0.0	28. Noncharitable - political
0.1	0.0	29. Noncharitable - other
2.7	0.0	98. DK
2.6	0.1	99. NA
86.6	98.8	00. Inap., none
100.0	99.9	
CV=.08	CV=.05	

V211

Percent		Content
		C51. Are you thinking of changing the form in which you give - that is, to give property rather than money, or money rather than property?
2.3		1. YES
97.3		5. NO
0.0		8. DK
0.3		9. NA
0.1		0. Inap.
100.0	CV=.07	

Variable Number	Givers		Content
212			C51a. What changes are you considering?
	0.2		1. More money and less property
	0.5		2. More property and less money
	0.0		3. Less money
	0.1		4. Less property
	0.0		5. More money
	0.9		6. More property
	0.1		7. Other
	0.0		8. DK
	0.3		9. NA
	97.9		0. Inap.
	100.0	CV=.07	

Variable Number	Givers		Content
213 214			C51b. Why is that? (2 Mentions)
	0.6		1. Tax reasons (PRIORITY)
	0.0		2. Have more (or less) property to give
	0.0		3. Stock market down
	1.3		7. Other
	0.0		8. DK
	0.2		9. NA
	97.9		0. Inap., no second mention
	100.0	CV=.09	

Variable Number	Givers		Content
215			C52. Have you ever considered giving to an organization, but decided not to because contributions to that organization were not tax deductible?
	3.3		1. YES
	95.8		5. NO
	0.2		8. DK
	0.6		9. NA
	0.1		0. Inap.
	100.0	CV=.11	

Variable Number	Percent	Content
216		C53. In 1973 did you contribute to any of these groups, even though the contribution was not tax deductible?
	Givers	
	20.5	1. YES
	76.6	5. NO
	1.1	8. DK
	1.5	9. NA
	0.2	0. Inap.
	99.9 CV=.07	
217		C53a. About how much did you give?
		Code actual dollar amount (000001-999997)
	(See V513)	999997. $999,997 or more
		999998. DK
		999999. NA
		000000. Inap.
218		C54. Do you think people generally pay much attention to what other people give when they decide how much to contribute?
	Givers	
	34.7	1. YES
	0.7	3. Some do, some don't
	51.6	5. NO
	12.6	8. DK
	0.8	9. NA
	0.1	0. Inap.
	100.1 CV=.07	
219		C55. Do you think a person is likely to give more if the amount he gives is made public?
	Givers	
	44.9	1. Yes
	6.9	3. Some less, some more
	29.2	5. No
	12.3	7. Other; depends; not codable 3, e.g., "some more, some same" or "depends on organization"
	6.2	8. DK
	2.5	9. NA
	0.1	0. Inap.
	100.1 CV=.06	

Variable Number	Percent	Content
220		C56. Do you feel that the organizations you give to provide enough information about how they use the money, or would you like to have more information?
	Givers	
	66.0	1. ENOUGH INFORMATION PROVIDED
	32.8	2. WOULD LIKE MORE INFORMATION
	0.5	8. DK
	0.4	9. NA
	0.3	0. Inap.
	100.0 CV=.07	

Givers V221	Givers V222	C56a. What kinds of things would you like to know? (2 mentions)
1.9	1.0	1. Amount spent for fund-raising
6.4	2.9	2. Amount spent for administration
7.7	1.1	3. Amount spent for specific services, i.e., how funds allocated
4.1	2.7	4. Amount going directly to people; amount used for the purposes of the charity
11.3	1.7	5. How they use the money - general (cannot be coded in 1-4) (LOW PRIORITY)
0.1	0.0	6. Results, e.g., progress in research
0.3	0.6	7. Other
0.2	0.0	8. DK
1.1	0.0	9. NA
67.0	90.2	0. Inap., no second mention
100.1	100.2	
CV=.06	CV=.05	

Variable Number	Percent	Content
223		C57. What about the amount they spend for fund raising - do they tell you how much that is?
	Givers	
	27.9	1. YES
	1.4	3. Some do, some don't
	67.4	5. NO
	1.6	8. DK
	1.6	9. NA
	0.1	0. Inap.
	100.0 CV=.06	

Variable Number	Percent	Content
224		C58. Do you think charitable organizations should be required to state what part of their money is spent for fund raising?
	Givers	
	89.3	1. YES
	7.7	5. NO
	1.6	8. DK
	1.2	9. NA
	0.1	0. Inap.
	99.9 CV=.05	
225		C59. Would you be willing to give money to an organization that spent half its income on fund raising?
	Givers	
	10.4	1. YES
	84.6	5. NO
	3.2	8. DK
	1.6	9. NA
	0.1	0. Inap.
	99.9 CV=.04	
226		C60. What is an acceptable fraction of income to spend on fund raising?
		Code actual percentage (01-95)
		96. Depends on organization
		97. 97% or more
		98. DK
		99. NA
		00. Inap.
227		C61. Did you contribute to any organizations where contributions are not tax deductible?
	3.7	1. YES
	42.8	5. NO
	1.5	8. DK
	0.8	9. NA
	51.2	0. Inap.
	100.0 CV=.22	

Variable Number	Percent	Content
228		C61a. About how much did you give?
		Actual amount (000001-999997)
		999997. $999997 or more
		999998. DK
		999999. NA
		000000. Inap.
229 (SRC)*		C62. There are many reasons people don't give more - some think it is the government's responsibility, others intend to but don't get around to it. How is it with you?
		IF GAVE $100 OR MORE, CODE 0
	2.6	1. Governmental responsibility
	4.0	2. Don't get around to it; haven't been asked
	0.0	3. Responsibility of rich
	29.5	4. Insufficient income
	0.4	5. Don't know what they do with the money, who gets it
	1.4	6. Don't like what they do with the money, who gets it; too much spent on administration; not enough gets to people who need it
	3.9	7. Other
	0.4	8. DK
	5.3	9. NA
	53.0	0. Inap., CONTRIBUTED $100 OR MORE; CENSUS INTERVIEW
	99.9 CV=.10	
230		D1. We would like to know about your (HEAD'S) present job - are you (HEAD) working now, looking for work, retired, (a housewife), or what?
		1. WORKING NOW, OR ONLY TEMPORARILY LAID OFF
		2. LOOKING FOR WORK, UNEMPLOYED
		3. RETIRED
		4. HOUSEWIFE, widow - cannot be coded elsewhere
		5. STUDENT
		6. OTHER
		7. PERMANENTLY DISABLED
		8. DK
		9. NA

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* (SRC) Survey Research Center sample only.

Variable Number	Percent	Content
231		D2, D3. What kind of work do you do? (What is your main occupation?) What are your most important activities or duties?
		THREE-DIGIT 1970 CENSUS OCCUPATION CODE (see attachment IV)
		990. NA
		000. Inap.
232		D1, D3. What kind of work do you do? (What is your main occupation?) What are your most important activities or duties?
		NATIONAL SAMPLE = 1-digit OCCUPATION CODE with first digit filled in with a zero.
		CENSUS SAMPLE = 2-digit CENSUS OCCUPATION CODE (see attachment IV)
	SRC	
	9.8	1. Professional, technical and kindred workers
	7.6	2. Managers, officials and proprietors
	2.3	3. Self-employed businessmen
	11.3	4. Clerical and sales workers
	13.8	5. Craftsmen, foremen, and kindred workers
	12.7	6. Operatives and kindred workers
	10.2	7. Laborers and service workers, farm laborers
	2.5	8. Farmers and farm managers
	2.8	9. Miscellaneous (armed services, protective workers); NA; DK
	27.0	0. Inap., not in labor force
	100.0 CV=.20	

Variable Number	Percent	Content
233		D4. What kind of business or industry is that in?
		SRC = 3-digit 1970 CENSUS INDUSTRY CODE (see attachment IV)
		000. Inap.
		CENSUS = 2-digit CENSUS INDUSTRY CODE in 3-digit field, i.e., coded 0XX (see attachment IV)
		000. Inap.
234		D5. Are you employed by someone else, are you self-employed, or what?
	61.3	1. SOMEONE ELSE
	1.8	2. BOTH SOMEONE ELSE AND SELF
	9.9	3. SELF ONLY
	0.0	8. DK
	0.4	9. NA
	26.5	0. Inap.
	99.9	
	CV=.22	

Variable Number	Percent	Content
235		95a. Do you work for the federal government, or a state or local government?
	6.3	1. FEDERAL
	3.0	2. STATE
	5.0	3. LOCAL
	50.3	4. NONE OF THESE
	0.1	8. DK
	0.8	9. NA
	34.5	0. Inap.
	100.0 CV=.11	
236		95b-95c. Is your own business incorporated?
	3.8	1. YES
	7.9	5. NO
	0.0	8. DK
	0.4	9. NA
	87.9	0. Inap.
	100.0 CV=.20	
237		96. Do you have opportunities to earn additional income by working more or taking an extra work?
	32.4	1. YES
	40.2	5. NO
	0.1	8. DK
	0.7	9. NA
	26.6	0. Inap.
	100.0 CV=.18	
238		97. About how many hours per week do you actually work?
	(See V497)	Actual number of hours (01-95)
		96. 96 hours or more
		97. Other; irregular
		98. DK
		99. NA
		00. Inap.

Variable Number	Percent	Content
239		98. How many weeks did you work last year, including paid vacation and paid sick leave?
	(See V497)	Actual number of weeks (00-52)
		98. DK
		99. NA
		00. Inap.
240		99. What kind of work did you do on your main (current) job?
		(THREE-DIGIT 1970 CENSUS OCCUPATION CODE - see Attachment IV)
		999. NA
		000. Inap.
241		99. What kind of work did you do on your main (current) job?
		QES SAMPLE = 1-digit OCCUPATION CODE with first digit filled in with a zero.
	QES	
	0.3	1. Professional, technical and kindred workers
	0.2	2. Managers, officials and proprietors
	0.0	3. Self-employed businessmen
	0.4	4. Clerical and sales workers
	0.3	5. Craftsmen, foremen, and kindred workers
	0.5	6. Operatives and kindred workers
	0.6	7. Laborers and service workers, farm laborers
	0.0	8. Farmers and farm managers
	0.4	9. Miscellaneous (armed services, protective workers); NA; DK
	97.3	0. Inap., not in labor force
	100.0	
	CV=.05	
		CENSUS SAMPLE = 2-digit CENSUS OCCUPATION CODE - (see attachment IV)
		99. NA
		00. Inap.

Variable Number — **Percent** — **Content**

262

Q10. What kind of business or industry is that in?

SRC SAMPLE - 3-digit 1970 CENSUS INDUSTRY CODE

CENSUS SAMPLE - 2-digit 1970 CENSUS INDUSTRY CODE in 3-digit field, i.e. 0XX (see attachment IV)

000. Inap.

263

Q11. How many weeks did you work last year?

Actual number of weeks (01-52)

98. DK
99. NA
00. Inap.

264

INTERVIEWER CHECKPOINT [C]

1. WIFE IN HOUSEHOLD
2. NO WIFE IN HOUSEHOLD

265

Q12. Did your wife do any work for money in 1973?

WIFE	
48.6	1. YES
51.3	5. NO
0.0	8. DK
0.0	9. NA
0.1	0. Inap.
100.0 CV=.14	

266

Q12a. What kind of work did she do?

3-digit 1970 CENSUS OCCUPATION CODE (see attachment IV)

999. NA
000. Inap.

267

Q12a. What kind of work did she do?

SRC SAMPLE - 1-digit OCCUPATION CODE

SRC	
3.0	1. Professional, technical and kindred workers
0.6	2. Managers, officials and proprietors
0.3	3. Self-employed businessmen
14.0	4. Clerical and sales workers
0.0	5. Craftsmen, foremen, and kindred workers
4.8	6. Operatives and kindred workers
7.3	7. Laborers and service workers, farm laborers
0.1	8. Farmers and farm managers
1.1	9. Miscellaneous (armed services, protective workers); NA; DK
68.9	0. Inap.
100.1 CV=.13	

CENSUS SAMPLE - 2-digit CENSUS OCCUPATION CODE (see attachment IV)

99. NA
00. Inap.

268

Q12b. What kind of business is that in?

SRC SAMPLE - 3-digit 1970 CENSUS INDUSTRY CODE (see attachment IV)

CENSUS SAMPLE - 2-digit 1970 CENSUS INDUSTRY CODE in 3-digit field, i.e., 0XX (see attachment IV)

000. Inap.

269

Q12c. How many weeks did she work last year, including paid vacation and paid sick leave?

Actual number of weeks (01-52)

(See V499)

98. DK
99. NA
00. Inap.

Variable Number	Percent	Content
250		D12d. And about how many hours a week did she work?
	(See NOTE)	Actual number of hours (01-95)
		96. 96 hours or more 97. Other; irregular 98. DK 99. NA 00. Inap.
251	WIFE	D13a. Was there more work available so that your wife could have worked more in 1973 if she had wanted to?
	22.6	1. YES
	23.8	5. NO
	1.7	8. DON'T KNOW
	0.3	9. NA
	51.5	0. Inap.
	99.9 CV=.11	
252		D13. SRC SAMPLE - Was there work available so that your wife could have worked for money in 1973 if she had wanted to?
	WIFE	D13. CENSUS SAMPLE - Did your wife consider working for money in 1973?
	15.1	1. YES
	17.8	5. NO
	0.0	8. DON'T KNOW
	0.9	9. NA
	66.1	0. Inap.
	100.0 CV=.14	
253		D14. Did you (or your wife) have any income from dividends in 1973?
	27.0	1. YES
	72.4	5. NO
	0.0	8. DK
	0.5	9. NA
	99.9 CV=.36	
254		D15. Did you (or your wife) have any income from interest or rent?
	39.4	1. YES
	60.3	5. NO
	0.0	8. DK
	0.4	9. NA
	100.1 CV=.23	
255		D16. Did you (or your wife) have any income from a trust fund?
	2.5	1. YES
	97.0	5. NO
	0.0	8. DK
	0.5	9. NA
	100.0 CV=.12	
256		D17. Did you (or your wife) have any income from a taxable pension or annuity?
	7.2	1. YES
	92.2	5. NO
	0.0	8. DK
	0.6	9. NA
	100.0 CV=.09	

Variable Number	Percent		Content
257			B18. Did you (or your wife) have an interest in a partnership, an unincorporated business, or a farm?
	12.1		1. YES
	87.6		5. NO
	0.0		8. DK
	0.3		9. NA
	100.0	CV=.13	
258			B18a. Did it provide a net income or a loss for tax purposes?
	8.4		1. INCOME
	2.8		2. LOSS
	0.4		3. Both; neither
	0.0		8. DK
	0.4		9. NA
	87.9		0. Inap.
	99.9	CV=.09	
259			B19. Did you have an interest in real estate, oil or gas properties or other similar investments?
	12.7		1. YES
	87.0		5. NO
	0.0		8. DK
	0.4		9. NA
	100.1	CV=.21	

Variable Number	Percent		Content
260			B19a. Did it provide an income or a loss for tax purposes?
	6.2		1. INCOME
	4.4		2. LOSS
	1.3		3. Both; neither
	0.2		8. DK
	0.5		9. NA
	87.4		0. Inap.
	100.0	CV=.16	
261			B20. Did you have any capital gains or losses in 1973 from the sale of assets?
	7.9		1. YES
	91.3		5. NO
	0.1		8. DK
	0.7		9. NA
	100.0	CV=.23	
262			B20a. On balance did you have a gain or a loss?
	6.4		1. GAIN
	1.3		2. LOSS
	0.1		3. Both; neither
	0.1		8. DK
	0.0		9. NA
	92.1		0. Inap.
	100.0	CV=.17	

Variable Number	Percent	Content
263		D21. Taking everything we have just talked about into account, in what group on the card did your total income for tax purposes fall for 1973, before any personal exemptions or deductions?
	2.1	00. 0, None; nothing
	5.3	01. A, Less than $1,000
	3.7	02. B, $1,000 - 1,999
	8.8	03. C, $2,000 - 3,999
	18.9	04. D, $4,000 - 7,999
	10.9	05. E, $8,000 - 9,999
	22.3	06. F, $10,000 - 14,999
	15.0	07. G, $15,000 - 19,999
	8.6	08. H, $20,000 - 29,999
	3.0	09. I, $30,000 - 49,999
	1.1	10. J, $50,000 - 99,999
	0.2	11. K, $100,000 - 199,999
	0.0	12. L, $200,000 - 499,999
	0.0	13. M, $500,000 - 999,999
	0.0	14. N, $1,000,000 or more
	0.1	98. DK
	0.1	99. NA
	100.1 CV=.87	

Variable Number	Percent	Content
264 (CEN)**		D22. What would it have been for 1970?
	1.3	00. 0, Inap., SRC INTERVIEW
	7.0	01. A, Less than $1,000
	1.1	02. B, $1,000 - 1,999
	3.8	03. C, $2,000 - 3,999
	9.1	04. D, $4,000 - 7,999
	9.1	05. E, $8,000 - 9,999
	14.2	06. F, $10,000 - 14,999
	15.7	07. G, $15,000 - 19,999
	16.8	08. H, $20,000 - 29,999
	13.3	09. I, $30,000 - 49,999
	8.6	10. J, $50,000 - 99,999
	2.1	11. K, $100,000 - 199,999
	0.5	12. L, $200,000 - 499,999
	0.1	13. M, $500,000 - 999,999
	0.0	14. N, $1,000,000 or more
	0.9	98. DK
	1.2	99. NA
	100.0 CV=.66	

** (CEN) Census sample only.

Variable Number	Percent	Content
265		D23. If you added to it all your nontaxable income, such as Social Security or interest on municipal bonds, in what group on the card would your total income then fall?
	0.1	00. 0, None; nothing
	2.1	01. A, Less than $1,000
	3.6	02. B, $1,000 - 1,999
	10.9	03. C, $2,000 - 3,999
	19.6	04. D, $4,000 - 7,999
	11.0	05. E, $8,000 - 9,999
	23.2	06. F, $10,000 - 14,999
	13.2	07. G, $15,000 - 19,999
	9.5	08. H, $20,000 - 29,999
	3.2	09. I, $30,000 - 49,999
	1.1	10. J, $50,000 - 99,999
	0.2	11. K, $100,000 - 199,999
	0.0	12. L, $200,000 - 499,999
	0.0	13. M, $500,000 - 999,999
	0.0	14. N, $1,000,000 or more
	0.1	98. DK
	0.1	99. NA
	99.9 CV=.96	

Variable Number	Content
266 (CEN)**	CHECKPOINT [D]
	1. RESPONDENT ANSWERED "YES" TO D18, D19, OR D20
	2. RESPONDENT ANSWERED "NO" TO D18, D19, AND D20
	0. Inap., SRC INTERVIEW

** (CEN) Census sample only.

Variable Number	Percent		Content
267 (CEN)**			D24. Was the new minimum tax provision applicable to you for 1973?
	CEN		
	4.3		1. YES
	22.0		5. NO
	21.1		8. DON'T KNOW
	0.7		9. NA
	51.9		0. Inap., SRC INTERVIEW; Respondent answered "NO" to D18, D19, AND D20
	100.0	CV=.24	
268			D25. If your taxable income had been increased by $100, how much more federal income tax would you have had to pay?
			Code actual dollars or percent (00-97)
(See V524)			
			97. 97% or more
			98. DON'T KNOW
			99. NA
474 (CEN)**			CHECKPOINT [DD]
			1. WIFE IN HOUSEHOLD
			2. NO WIFE IN HOUSEHOLD
269 (SRC)*			D26. Did you get any outside help in filling out your income tax return this spring?
	SRC		
	56.2		1. YES
	17.6		3. DID NOT FILE TAX RETURN
	29.4		5. NO
	0.7		8. DON'T KNOW
	0.1		9. NA
	100.0	CV=.18	
475 (CEN)**			D26. Did your wife (husband) file a separate federal income tax return for 1973?
	CEN		
	3.1		1. YES
	77.9		5. NO
	0.0		8. DK
	0.0		9. NA
	18.9		0. Inap.
	99.9	CV=.15	

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*(SRC) Survey Research Center sample only.
**(CEN) Census sample only.

Variable Number	Percent	Percent		Content
270 (SRC)*				D27. Did you pay for this service, or was it free advice from a friend, or what?
		SRC		
		46.0		1. PAID HELP
		9.6		2. FREE ADVICE
		0.0		3. Both
		0.0		8. DK
		0.0		9. NA
		44.3		0. Inap.
		99.9	CV=.16	
476 (CEN)**				D27. How about for 1970? Did she (he) file separately then?
	WIFE	CEN		
	0.3	1.9		1. YES
	10.8	74.0		5. NO
	0.5	3.2		7. NOT MARRIED IN 1970
	0.0	0.0		8. DK
	88.1	18.9		9. NA
	100.0	99.9		0. Inap.
	CV=.20	CV=.15		
271 (SRC)*				D27a-D27b. Was this help from an accountant, a lawyer, a tax service, or what? Was this help from the Internal Revenue Service, a friend or a relative who is an accountant or lawyer, or what?
				PRIORITY ORDER: 1, 2, 3, 4
		SRC		
		21.1		1. ACCOUNTANT, C.P.A.
		4.5		2. LAWYER
		22.4		3. TAX SERVICE
		1.3		4. IRS
		2.9		5. Friend
		3.3		6. Relative
		0.7		7. Other
		0.0		8. DK
		0.1		9. NA
		43.8		0. Inap., CENSUS INTERVIEW
		100.1	CV=.10	

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*(SRC) Survey Research Center sample only.

**(CEN) Census sample only.

Variable Number	Percent		Content
272 273 (SRC)*	SRC		D27c. Why did you go to him rather than some professional expert in taxes?
	V272	V273	(2 mentions)
	2.5	0.5	1. Charges less or free
	0.5	0.2	2. Relative
	0.3	0.1	3. Friend
	0.7	0.0	4. Convenient location, time, etc.
	2.1	0.0	7. Other
	0.0	0.0	8. DK
	0.7	0.0	9. NA
	93.2	99.1	0. Inap., CENSUS INTERVIEW, no second mention
	100.0	99.9	
	CV=.08	CV=.06	

Variable Number	Percent	Content
274		D28. Some people use a standard deduction when filing their tax return, while others itemize deductible expenses such as property taxes, interest payments and charitable contributions. When you filed your return for 1973, did you itemize your deductions?
	49.4	1. YES, ITEMIZED
	34.7	5. NO
	0.1	7. DID NOT FILE
	2.9	8. DON'T KNOW
	0.2	9. NA
	12.7	0. Inap.
	100.0 CV=.23	

Variable Number	Percent	Content
275		D29. Do you remember how much you deducted for charitable contributions on your return?
	26.9	1. YES
	21.8	5. NO
	0.2	8. DK
	0.5	9. NA
	50.6	0. Inap.
	100.0 CV=.24	

Variable Number	Percent	Content
276		D29a. About how much was it?
		Actual dollar amount (000001-999997)
		999997. $999,997 or more
		999998. DK
		999999. NA
		000000. Inap.

Variable Number	Percent	Content
277		D30. If you contributed another $100 to charity, how much would it save you in taxes?
	(See V523)	Actual dollar amount (00-97)
		97. $97 or more
		98. DON'T KNOW
		99. NA
		00. Inap.

Variable Number	Percent	Content
278 (CEN)**		D31. Have you ever given up to or beyond the maximum amount you could deduct for charitable contributions on your tax return?
	CEN	
	5.4	1. YES
	65.8	5. NO
	2.7	8. DK
	0.0	9. NA
	26.0	0. Inap., SRC INTERVIEW
	99.9 CV=.20	

Variable Number	Percent	Content
279 (CEN)**		D32. Did the limit affect your contributions in any way?
	CEN	
	0.4	1. YES
	5.0	5. NO
	0.0	8. DK
	0.0	9. NA
	94.6	0. Inap., SRC INTERVIEW
	100.0 CV=.16	

Variable Number	Percent		Content
	ALL		
280 (CEN)** 281 (CEN)**	V280	V281	D32a. In what way? (2 mentions)
	0.1	0.0	1. Contributed up to the limit
	0.1	0.0	2. Could not contribute as much as would have liked
	0.1	0.0	3. Changed timing but not amount of contributions (over several years rather than 1 year)
	0.1	0.0	7. Other
	0.0	0.0	8. DK
	0.1	0.0	9. NA
	99.6	100.0	0. Inap., SRC INTERVIEW, no second mention
	100.1	100.0	
	CV=.08	CV=.07	

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*(SRC) Survey Research Center sample only.

**(CEN) Census sample only.

Variable Number	Percent		Content
282 (CEN)** 283 (CEN)**			D32b. Why is that?
	V282	V283	(2 mentions)
	0.7	0.0	1. Carried over excess contribution
	0.0	0.0	2. Gave same amount over several years instead of one year
	3.4	0.0	3. Contributed property - didn't get deduction for part
	0.1	0.0	7. Other
	0.5	0.0	8. DK
	0.3	0.0	9. NA
	95.0	100.0	0. Inap., SRC INTERVIEW, no second mention
	100.0	100.0	
	CV=.11	CV=.18	

Variable Number	Percent		Content
284 (SRC)*			D33. Thinking about five years ago, that is 1968, were you itemizing deductions then?
	33.9		1. YES
	11.9		5. NO
	0.4		8. DK
	0.5		9. NA
	53.3		0. Inap., CENSUS INTERVIEW
	100.0	CV=.26	

Variable Number	Percent		Content
285 (SRC)*			D34. Do you think this change in itemization had any effect on the amount you now give to religious or charitable organizations?
	1.1		1. YES
	10.3		5. NO
	0.0		8. DK
	0.4		9. NA
	88.3		0. Inap., CENSUS INTERVIEW
	100.1	CV=.10	

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[*] (SRC) Survey Research Center sample only

[**] (CEN) Census sample only.

Variable Number	Percent		Content
286 (SRC)* 287 (SRC)*	V286	V287	D34a. In what way? (2 mentions)
	0.6	0.0	1. Give more
	0.0	0.0	2. Give to more organizations
	0.0	0.0	3. Change timing of gifts; contribute and itemize every other year
	0.0	0.0	4. Give to fewer organizations
	0.0	0.0	5. Give less
	0.1	0.0	7. Other
	0.0	0.0	8. DK
	0.3	0.0	9. NA
	98.9	100.0	0. Inap., CENSUS INTERVIEW, no second mention
	99.9	100.0	
	CV=.03	CV=.03	

Variable Number	Percent		Content
288 (SRC)*			D35. How about five years ago - were you itemizing deductions then?
	7.7		1. YES
	29.8		5. NO
	0.9		8. DK
	0.8		9. NA
	60.8		0. Inap., CENSUS INTERVIEW
	100.0	CV=.10	

Variable Number	Percent		Content
289 (SRC)*			D36. Do you think this change in itemization had any effect on the amount you now give to religious or charitable organizations?
	0.5		1. YES
	6.8		5. NO
	0.1		8. DK
	0.4		9. NA
	92.3		0. Inap., CENSUS INTERVIEW
	100.1	CV=.04	

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[*] (SRC) Survey Research Center sample only.

Variable Number	Percent V290	Percent V291	Content
290 (SRC)* 291 (SRC)*			D36a. In what way? (2 mentions)
	0.0	0.0	1. Reduced giving
	0.0	0.0	2. Eliminated some charities
	0.0	0.0	3. Change timing of gifts; contribute and itemize every other year
	0.0	0.0	4. Gives to more organizations
	0.1	0.0	5. Give more
	0.0	0.0	7. Other
	0.0	0.0	8. DK
	0.3	0.0	9. NA
	99.5	100.0	0. Inap., CENSUS INTERVIEW, no second mention
	99.9	100.0	
	CV=.06	CV= --	

Variable Number	Percent V292	Percent V293	Content
292 (SRC)* 293 (SRC)*			D36b. (IF REDUCED) Where did you make the reduction? (2 mentions)
	99.4	100.0	00. Inap., CENSUS INTERVIEW, no second mention
	0.6	0.0	99. NA
	100.0	100.0	
	CV=.03	CV= -	

Variable Number	Percent	Content
294 (SRC)*		D37. Do you think it might affect your future giving?
	1.0	1. YES
	5.7	5. NO
	0.6	8. DK
	0.4	9. NA
	92.5	0. Inap., CENSUS INTERVIEW
	100.0	
	CV=.05	

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*(SRC) Survey Research Center sample only.

**(CEN) Census sample only.

Variable Number	Percent	Content
295		D38. People who itemize their deductions for income tax purposes may take a tax deduction for contributions to charitable organizations. Do you think this encourages people to give more, or doesn't it make any difference?
	32.7	1. Encourages people to give more
	10.5	2. (PRIORITY OVER 1) Encourages rich (people in high brackets) to give more
	6.0	3. Depends; pro-con; some give more; some don't
	31.8	5. Doesn't make any difference
	0.3	7. Other
	4.1	8. DK
	1.9	9. NA
	12.8	0. Inap.
	100.1	
	CV=.16	

Variable Number	Percent	Content
296		D39. How about people whose financial situation is about the same as yours? How do you think they would react if charitable contributions were not deductible?
	26.2	1. WOULD GIVE LESS
	44.2	2. WOULDN'T MAKE ANY DIFFERENCE
	0.4	3. Both; depends; pro-con; some would give less
	0.0	5. Would give more
	16.4	8. DON'T KNOW
	0.1	9. NA
	12.8	0. Inap.
	100.1	
	CV=.20	

Variable Number	Percent	Content
297		D39a. A lot less?
	16.3	1. YES
	8.5	5. NO
	1.0	8. DK
	0.6	9. NA
	73.6	0. Inap.
	100.0	
	CV=.16	

Variable Number	Percent		Content
298			D40. How about yourself? How would you probably react if charitable contributions were not deductible?
	13.2		1. WOULD GIVE LESS
	71.1		2. WOULDN'T MAKE ANY DIFFERENCE
	0.1		3. Both; depends; pro-con; some would give less
	0.0		5. Would give more
	2.7		8. DON'T KNOW
	0.1		9. NA
	12.8		0. Inap.
	100.0	CV=.10	
299			D40a. A lot less?
	6.5		1. YES
	5.7		5. NO
	0.5		8. DK
	0.6		9. NA
	86.8		0. Inap.
	100.1	CV=.13	
300			D41. One proposal is that instead of allowing charitable deductions the tax law be changed so that each person's taxes are reduced by a half of the amount he gives to charity. Would this affect the amount you give to charity?
	16.8		1. YES
	61.2		5. NO
	8.8		8. DON'T KNOW
	0.4		9. NA
	12.8		0. Inap.
	100.0	CV=.21	

Variable Number	V301	V302	Content
301 302			D41a. In what way? (2 mentions)
	2.5	0.1	1. Would give less
	10.8	0.0	2. Would give more
	0.0	0.0	3. Would change timing of contributions
	0.1	0.0	7. Other
	0.3	0.0	8. DK
	2.9	0.0	9. NA
	83.3	99.8	0. Inap., no second mention
	99.9	99.9	
	CV=.10	CV=.06	

Variable Number	V303	V304	Content
303 304			D41b. Why is that? (2 mentions)
	1.0	0.0	1. Cost me more; smaller tax deduction (credit)
	7.8	0.1	2. Cost me less; larger tax deduction (credit)
	0.2	0.0	3. Cost me less because don't itemize now
	1.1	0.0	4. Cost me less - NA why
	2.6	0.4	5. Rather money went to charity than government; a chance to choose where money (taxes) spent
	0.1	0.0	6. Don't want government involved like that
	1.0	0.0	7. Other
	0.4	0.0	8. DK
	2.5	0.0	9. NA
	83.3	99.4	0. Inap., no second mention
	100.0	99.9	
	CV=.11	CV=.06	

Variable Number	Percent	Content
305		D42. Another proposal is that instead of any tax benefits for charity the government simply give $1 to any charity for each $1 you gave. Would this affect the amount you give to charity?
	30.1	1. YES
	50.5	5. NO
	6.9	8. DON'T KNOW
	0.5	9. NA
	12.0	0. Inap.
	100.0	
	CV=.21	

Variable Number	V306	V307	Content
306 307			D42a. In what way? (2 mentions)
	5.0	0.0	1. Give less
	[illegible]	0.0	2. Give more
	[illegible]	0.0	3. Change timing of gifts
	0.5	0.1	7. Other
	0.5	0.0	8. DK
	3.3	0.0	9. NA
	79.9	99.8	0. Inap., no second mention
	100.0	99.9	
	CV=.11	CV=.03	

D42b. Why is that? (2 mentions)

Variable Number	V308	V309	Content
308 309	5.9	0.0	1. It would cost me more because of no tax deduction
	1.5	0.0	2. Maintain amount received by charity with less giving since government matches it
	2.0	0.2	3. Don't want government involved like that
	8.3	0.1	4. The organization would get more help, twice as much money
	1.5	0.0	5. Rather money went to charity than government; a chance to choose where money (taxes) spent
	0.1	0.0	6. My taxes would have to be increased to pay for such a plan
	2.3	0.1	7. Other
	0.2	0.0	8. DK
	3.3	0.7	9. NA
	80.5	99.3	0. Inap., no second mention
	100.1	99.9	
	CV=.12	CV=.06	

D43. A third proposal is that charitable deductions be allowed only for amounts over and above 3% of your income, the way medical deductions are handled. Would this affect the amount you give to charity?

Variable Number	Percent	Content
310 (CEN)**	25.0	1. YES
	66.6	5. NO
	7.5	8. DON'T KNOW
	0.1	9. NA
	0.7	0. Inap., SRC INTERVIEW
	99.9	
	CV=.18	

D43a. In what way? (2 mentions)

Variable Number	V311	V312	Content
311 (CEN)** 312 (CEN)**	20.2	0.2	1. Give less
	0.6	0.0	2. Give every other year
	0.0	0.0	3. Change timing of gifts
	1.2	0.0	7. Other
	0.1	0.0	8. DK
	3.0	0.0	9. NA
	75.0	99.8	0. Inap., SRC INTERVIEW, no second mention
	99.9	100.0	
	CV=.15	CV=.09	

** (CEN) Census sample only.

D43b. Why is that? (2 mentions)

Variable Number	V313	V314	Content
313 (CEN)** 314 (CEN)**	13.5	0.2	1. No tax benefit; lower benefit; cost me more, couldn't afford to
	0.2	0.1	2. Save up contributions to qualify for deduction
	5.5	0.2	3. Don't like the idea; too complicated; it's not fair
	1.1	0.0	7. Other
	1.2	0.0	8. DK
	3.3	0.0	9. NA
	75.2	99.5	0. Inap., SRC INTERVIEW, no second mention
	100.0	100.0	
	CV=.15	CV=.08	

D44. As you know there is no property tax on buildings used for religious or educational or charitable purposes. Do you think this is a good idea or a bad idea?

Variable Number	Percent	Content
315 (SRC)*	56.1	1. GOOD IDEA
	18.2	2. BAD IDEA
	4.8	3. Both; pro-con; depends; good and bad
	8.1	8. DON'T KNOW
	0.4	9. NA
	16.3	0. Inap., CENSUS INTERVIEW
	99.9 CV=.17	

D44a. Why is that? (2 mentions)

Variable Number	V316	V317	Content
316 (SRC)* 317 (SRC)*			BAD IDEA
	3.0	0.8	1. Makes everyone else's taxes higher; government loses the revenue
	18.6	1.6	2. They should pay their share; they compete with business; they make profits
			GOOD IDEA
	30.0	1.1	3. Would have to use hard-earned donations for taxes; less money for charitable purposes; they need the money (help); they're a worthy cause
	3.1	0.5	4. Separation of Church and State; can't tax the Lord
	1.3	0.5	5. There would be higher costs for medical care, education, other services
			MIXED
	3.6	7.2	6. Good for some; bad for others
	6.3	0.4	7. Other
	0.9	0.0	8. DK
	5.0	0.2	9. NA
	22.7	87.6	0. Inap., CENSUS INTERVIEW, no second mention
	100.1	99.9	
	CV=.14	CV=.06	

*(SRC) SRCsample.

Variable Number	Percent		Content
318 (CEN)**			D63. There have been a number of changes in the tax laws relating to charitable giving in the last few years. Have any of these changes made any difference to you?
	CEN		
	1.9		1. YES
	47.0		5. NO
	0.2		8. DK
	0.2		9. NA
	50.7		0. Inap., SRC INTERVIEW
	100.0	CV=.16	
319 (CEN)**	CEN		D63a. What was the change?
	0.3		1. Limits on charitable giving
	0.3		2. Restrictions on giving appreciated assets
	0.1		3. Increased standard deduction
	0.4		4. Restrictions on private foundations
	0.5		7. Other
	0.2		8. DK
	0.1		9. NA
	98.1		0. Inap., SRC INTERVIEW
	100.0	CV=.11	
320 (CEN)**			D63b. Has this affected the amount you give to charity or the form in which you give it, or why'?
	CEN		
	0.4		1. Amount - gave less; would have given more
	0.1		2. Form
	0.2		3. Both amount and form
	0.1		4. Timing of contributions
	0.4		5. No effect - gave anyway, but didn't like it
	0.2		7. Other
	0.0		8. DK
	0.3		9. NA
	98.1		0. Inap., SRC INTERVIEW
	99.8	CV=.11	
321			E1. Do you own or are you buying your home?
	67.6		1. YES (OWNS OR IS BUYING)
	32.4		5. NO
	0.0		8. DK
	0.0		9. NA
	100.0	CV=.22	

** (CEN) Census sample only.

Variable Number	Percent		Content
322			E2. Do you also own a second home?
	6.7		1. YES
	60.6		5. NO
	0.0		8. DK
	0.3		9. NA
	32.4		0. Inap.
	100.0	CV=.21	

Variable Number	V323	V324	Content
323			E1a or E2c. About how much are all your houses worth - which group on the card?
	32.4	32.5	00. O, None; nothing
	0.1	1.6	01. A, Less than $1,000
	0.2	1.9	02. B, $1,000-1,999
	1.6	4.1	03. C, $2,000-3,999
	5.3	8.5	04. D, $4,000-7,999
	1.8	6.8	05. E, $8,000-9,999
	6.4	8.1	06. F, $10,000-14,999
	6.4	7.3	07. G, $15,000-19,999
	15.6	10.0	08. H, $20,000-29,999
	17.6	9.7	09. I, $30,000-49,999
	8.6	4.7	10. J, $50,000-99,999
	1.9	1.2	11. K, $100,000-199,999
	0.3	0.2	12. L, $200,000-499,999
	0.1	0.0	13. M, $500,000-999,999
	0.1	0.0	14. N, $1,000,000 or more
	0.9	2.7	98. DK
	0.8	2.6	99. NA
	99.9	99.9	
	CV=.28	CV=.26	

Variable Number	Percent		Content
324			E2b or E2d. If we subtract the mortgage debt, what would your net equity in your houses be - which group on the card?
			SAME CODE AS V323
325			E3. Some people also have savings accounts, checking accounts, stocks, bonds, real estate or businesses - do you (or your wife) have any of these?
	80.9		1. YES
	18.4		5. NO
	0.0		8. DK
	0.7		9. NA
	100.0	CV=.25	

Variable Number	Percent		Content
326			E4. Would they be worth as much as $10,000 altogether?
	23.5		1. YES
	56.9		5. NO
	0.0		8. DK
	0.5		9. NA
	19.1		0. Inap., coded 5, 8, or 9 in V325
	100.0	CV=.26	

327 E5. We'd like a rough idea of the amounts you have in each of three major types of savings. First, what about common stocks and mutual funds – which group on this card corresponds to the net equity you (and your wife) have in stocks and stock funds?

V327	V328	Content
82.0	78.1	00. 0. Inap., NONE, NOTHING; coded 5,8,9 in V325
3.9	2.1	01. A. Less than $1,000
0.8	1.0	02. B. $1,000-1,999
1.6	2.0	03. C. $2,000-3,999
2.0	2.2	04. D. $4,000-7,999
0.7	1.2	05. E. $8,000-9,999
1.3	3.4	06. F. $10,000-14,999
0.6	1.4	07. G. $15,000-19,999
1.1	1.7	08. H. $20,000-29,999
0.9	1.5	09. I. $30,000-49,999
0.8	1.1	10. J. $50,000-99,999
0.6	0.5	11. K. $100,000-199,999
0.4	0.2	12. L. $200,000-499,999
0.1	0.1	13. M. $500,000-999,999
0.2	0.0	14. N. $1,000,000 or more
1.1	1.0	98. DK
2.0	2.6	99. NA
100.0	100.1	
CV=.28	CV=.26	

328 E6. Now what about investments that pay a fixed amount each year – that is, bank accounts, bonds, mortgages, preferred stock, certificates of deposit, and things like that? What group on the card corresponds to the net equity you (and your wife) have in all these?

SAME CODE AS V327

Variable Number	Percent	Content
329		E7. What about investments in real estate, unincorporated businesses, private corporations, and things like that – do you (and your wife) have any of these?
	11.1	1. YES
	11.9	5. NO
	0.0	8. DK
	0.5	9. NA
	76.5	0. Inap., coded 5, 8, or 9 in V325
	100.0	

330 E7a. What group on the card includes your net equity in all these investments?

V330	V331	Content
89.9	76.2	00. 0. Inap., NONE; NOTHING
0.3	0.0	01. A. Less than $1,000
0.1	0.0	02. B. $1,000-1,999
0.4	0.0	03. C. $2,000-3,999
0.0	0.0	04. D. $4,000-7,999
0.5	0.0	05. E. $8,000-9,999
1.1	1.3	06. F. $10,000-14,999
0.7	1.0	07. G. $15,000-19,999
1.0	1.5	08. H. $20,000-29,999
1.6	6.1	09. I. $30,000-49,999
1.6	7.3	10. J. $50,000-99,999
0.9	2.7	11. K. $100,000-199,999
0.4	1.0	12. L. $200,000-499,999
0.2	0.7	13. M. $500,000-999,999
0.1	0.4	14. N. $1,000,000 or more
0.4	0.0	98. DK
0.8	1.9	99. NA
100.0	100.1	
CV=.29	CV=.29	

331 E8. If we combine all these kinds of assets: equity in your home, stocks, bonds, bank accounts, and investments in business or real estate – what group would the total fall in?

SAME CODE AS V330

Variable Number	Percent		Content
332			E9. Have you (or your wife) ever inherited anything or received any large gifts worth $10,000 or more?
	E-SECTION*		
	45.3		1. YES
	53.8		5. NO
	0.0		8. DK
	1.0		9. NA
	0.0		0. Inap.
	100.1	CV=.13	

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*Includes the 881 cases with assets over $100,000 asked the "E" sequence.

Variable Number	Percent		Content
333	E-SECTION*		E9b. What was the total value of all such gifts or inheritances - which group on the card?
	56.7		00. O, Inap., NONE; NOTHING; assets under $100,000
	0.0		01. A, Less than $1,000
	0.0		02. B, $1,000-1,999
	0.0		03. C, $2,000-3,999
	0.3		04. D, $4,000-7,999
	0.4		05. E, $8,000-9,999
	3.2		06. F, $10,000-14,999
	2.0		07. G, $15,000-19,999
	4.8		08. H, $20,000-29,999
	11.7		09. I, $30,000-49,999
	6.0		10. J, $50,000-99,999
	5.2		11. K, $100,000-199,999
	1.7		12. L, $200,000-499,999
	1.2		13. M, $500,000-999,999
	5.5		14. N, $1,000,000 or more
	1.7		98. DK
	5.8		99. NA
	99.9	CV=.10	
334	E-SECTION*		E10. Do you treat your inherited funds differently from the funds you have saved over the years?
	7.5		1. YES
	35.4		5. NO
	0.0		8. DK
	0.3		9. NA
	56.7		0. Inap.
	99.9	CV=.10	

Variable Number	E-SECTION* V335	E-SECTION* V336	Content
335 336			E10a. In what way? (2 mentions)
	3.3	0.1	1. Don't spend them (principal)
	0.0	0.0	2. Don't spend interest; add to them
	0.2	0.0	3. Spend only for major purchases - house, real estate, business, etc.
	1.0	0.0	4. Spend them (more easily than saved funds)
	0.5	1.3	5. (Maintain them to) pass on to next generation
	0.0	0.0	6. For charity
	1.3	0.0	7. Other
	0.0	0.0	8. DK
	1.3	0.3	9. NA
	92.5	98.2	0. Inap., assets under $100,000, no second mention
	100.1	99.9	
	CV=.08	CV=.11	

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*Includes the 881 cases with assets over $100,000 asked the "E" sequence.

Variable Number	Percent		Content
337	E-SECTION		E11. Within the last five years, have you transferred as much as $10,000 worth of stock or other property to your children or other relatives?
	15.8		1. YES
	82.9		5. NO
	0.0		8. DK
	1.4		9. NA
	0.0		0. Inap., assets under $100,000
	100.1	CV=.16	

Variable Number	E-SECTION V338	E-SECTION V339	Content
338 (SRC)* 339 (SRC)*			E11a. To which relatives have you given these gifts (or transfers)? (2 mentions)
	6.6	0.0	1. Child (children)
	1.5	0.0	2. Sister(s), brother(s)
	0.0	1.1	3. Niece(s), nephew(s)
	0.0	0.0	4. Grandchild (grandchildren)
	0.6	0.0	5. In-laws; parents
	0.0	0.0	7. Other
	0.0	0.0	8. DK
	0.0	0.0	9. NA
	91.3	98.9	0. Inap., no second mention
	100.0	100.0	
	CV=.18	CV=.17	

Variable Number	Percent		Content
477 (CEX)*	E-SECTION		E11a. Was it to your children or grandchildren?
	21.5		1. YES
	1.2		5. NO
	0.0		8. DK
	0.0		9. NA
	77.3		0. Inap.
	100.0	CV=.23	
340	E-SECTION		E11b. IF CHILDREN - Have you been doing this every year?
	5.9		1. YES; regularly
	7.1		5. NO
	0.0		8. DK
	0.0		9. NA
	86.0		0. Inap., DID NOT MENTION CHILDREN IN E11a.
	100.0	CV=.19	

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*(SRC) Survey Research Center survey only.

Variable Number	Percent		Content
361			E12. During the years 1968 through 1973 did you make any major one-time gifts of $10,000 or more directly to any religious or charitable organizations?
	E-SECTION		
	2.9		1. YES
	96.5		5. NO
	0.0		8. DK
	0.7		9. NA
	0.0		0. Inap.
	100.1	CV=.20	

Variable Number	E-SECTION V362	E-SECTION V363	Content
362 363			E12a. To what kind of organization did you make the gift? (2 mentions)
	0.5	0.1	01. Religious
	0.7	0.0	02. Combined appeals
	0.1	0.0	03. Community
	0.3	0.1	04. Health and medical
	0.6	0.1	05. Higher education
	0.2	0.0	06. Elementary and secondary education
	0.1	0.0	07. Social welfare
	0.2	0.1	08. Cultural
	0.0	0.0	09. Public affairs
	0.0	0.0	10. Environment
	0.0	0.0	11. International (HIGH PRIORITY)
	0.0	0.0	12. Private foundation or trust
	0.0	0.0	27. Other charitable
	0.0	0.0	28. Noncharitable - political
	0.1	0.0	29. Noncharitable - other
	0.0	0.0	98. DK
	0.1	0.0	99. NA
	97.1	99.6	00. Inap., no second mention
	99.8	100.0	
	CV=.17	CV=.13	

Variable Number	Percent		Content
364	E-SECTION		E12b. Did you give cash or stock, or what?
	1.3		1. CASH ONLY
	0.8		2. STOCK ONLY
	0.5		3. BOTH CASH AND STOCK
	0.2		4. OTHER
	0.0		8. DK
	0.1		9. NA
	97.1		0. Inap.
	100.0	CV=.18	

Variable Number	Percent		Content
365			E12c. Was any of this worth a great deal more than you originally paid for?
	E-SECTION		
	1.2		1. YES
	0.3		5. NO
	0.0		8. DK
	0.1		9. NA
	98.5		0. Inap.
	100.1	CV=.18	

Variable Number	Percent		Content
366			E12d. Did you give it early in the year, or late in the year, or what?
	E-SECTION		
	0.8		1. Early in year
	0.7		2. Late in year
	0.8		3. Both; some early, some late
	0.5		4. All during year
	0.2		7. Other
	0.1		8. DK
	96.8		0. Inap.
	99.9	CV=.15	

Variable Number	E-SECTION V367	E-SECTION V368	Content
367 368			E12e. IF LATE IN THE YEAR - Why was that?
			(2 mentions)
			TAX REASONS
	0.3	0.0	1. (PRIORITY) Tax reasons, to get deduction that year, had a lot of income to offset that year.
			OTHER REASONS
	0.0	0.0	4. Market good, price high then
	0.0	0.0	5. Needed funds during year
	0.2	0.1	6. Pleas, requests came then, Christmas season, knew then what income would be
	0.0	0.0	7. Other
	0.2	0.0	8. DK, no particular reason
	0.1	0.1	9. NA
	99.3	99.9	0. Inap., no second mention
	100.1	100.1	
	CV=.12	CV=.07	

Variable Number	Percent		Content
369			E13. Now we have a few questions on some special kinds of financial arrangements. Do you (or your wife) have a beneficial interest in a trust fund?
	E-SECTION		
	16.7		1. YES
	81.7		5. NO
	0.0		8. DK
	1.0		9. NA
	0.5		0. Inap.
	99.9	CV=.22	

Variable Number	Percent		Content
350	X-SECTION		E13a. Were these funds inherited or from your personal earnings, or what?
	0.7		1. Inherited from own family or wife's family
	4.6		2. From own earnings
	1.3		3. Both
	0.0		4. Ex-husband or wife
	0.1		7. Other
	0.0		8. DK
	0.0		9. NA
	93.3		0. Inap.
	100.0	CV=.15	

Variable Number	X-SECTION V351	X-SECTION V352	Content
351 352			E13b. What will ultimately happen to the principal of the fund? (2 mentions) NOTE: This question refers to who gets it, not what they will do with it.
	2.4	0.1	1. To respondent (or wife)
	0.9	0.7	2. To respondent's children
	0.1	0.1	3. To charitable organization
	0.7	0.2	4. To other relatives, grandchildren
	0.2	0.0	5. It's a perpetual fund; stays in trust; "nothing"
	1.3	0.0	6. To estate or heir
	0.2	0.1	7. Other
	1.3	0.0	8. DK; depends
	0.1	0.1	9. NA
	92.8	98.7	0. Inap., no second mention
	100.0	100.0	
	CV=.14	CV=.09	

Variable Number	Percent		Content
353	X-SECTION		E13c. Does it give any money to charitable or religious organizations?
	2.1		1. YES
	14.1		5. NO
	0.1		8. DK
	0.0		9. NA
	83.7		0. Inap.
	100.0	CV=.15	

Variable Number	X-SECTION V354	X-SECTION V355	X-SECTION V356	Content
				E13d. To what kinds of organizations does it give? (3 mentions)
	0.7	0.0	0.0	01. Religious
	0.1	0.1	0.0	02. Combined appeals
	0.0	0.0	0.0	03. Community
	0.3	0.1	0.0	04. Health and medical
	0.7	0.5	0.0	05. Higher education
	0.0	0.5	0.1	06. Elementary and secondary education
	0.0	0.0	0.0	07. Social welfare
	0.0	0.0	0.0	08. Cultural
	0.0	0.0	0.0	09. Public affairs
	0.0	0.0	0.0	10. Environment
	0.0	0.0	0.0	11. International (HIGH PRIORITY)
	0.0	0.0	0.0	12. Private foundation or trust
	0.0	0.0	0.0	17. Other charitable
	0.0	0.0	0.0	18. Noncharitable - political
	0.2	0.0	0.0	19. Noncharitable - other
	0.1	0.0	0.0	98. DK
	0.1	0.0	0.0	99. NA
	97.8	98.8	99.9	00. Inap., no further mentions
	99.8	100.1	100.0	
	CV=.13	CV=.08	CV=.08	

Variable Number	Percent		Content
357	X-SECTION		E13e. Did you include these gifts when we discussed your charitable giving earlier?
	1.1		1. YES
	0.4		5. NO
	0.1		8. DK
	0.0		9. NA
	98.4		0. Inap.
	100.0	CV=.18	

Variable Number	Percent		Content
358	X-SECTION		E13f. About how much did they amount to in 1973? (Actual number of dollars)
	98.[illegible]		0. None
	[illegible]		1. $1 - 999
	[illegible]		2. $1,000 - 4,999
	[illegible]		3. $5,000 - 9,999
	[illegible]		4. $10,000 - 24,999
	[illegible]		5. $25,000 - 49,999
	[illegible]		6. $50,000 - 99,999
	[illegible]		7. $100,000 - 199,999
	[illegible]		8. $200,000 - 999,997
	1.3		9. DK, NA
	99.9	CV=.39	

Variable Number	Percent	Content
359	E-SECTION	E16. Have you (or your wife) ever set up a trust fund?
	21.2	1. YES
	77.5	5. NO
	0.2	8. DK
	1.1	9. NA
	0.0	0. Inap.
	100.0 CV=.13	
360	E-SECTION	E16a. Was it to make any contributions to religious or charitable organizations?
	1.3	1. YES
	19.0	5. NO
	0.0	8. DK
	0.0	9. NA
	79.7	0. Inap.
	100.0 CV=.13	
361		E16b. In what year was the trust set up?
		CODED WITH LAST TWO DIGITS OF YEAR TRUST WAS SET UP (01=1901, 74=1974)
	98.7	00. Inap.
	0.0	56. 1956
	0.1	60. 1960
	0.1	64. 1964
	0.1	66. 1966
	0.3	68. 1968
	0.1	69. 1969
	0.1	70. 1970
	0.1	71. 1971
	0.0	72. 1972
	0.1	73. 1973
	0.2	98. DK
	100.1 CV=.13	
362 (SRC)*		E16c. Are you considering adding to it?
362 (CEN)**	E-SECTION	E16c. Do you plan to increase the amount of the trust fund?
	0.3	1. YES
	0.0	5. NO
	0.1	8. DON'T KNOW
	0.0	9. NA
	99.6	0. Inap.
	100.0 CV=.11	
363 (SRC)*		E16d. Is the trustee a friend, a relative, a lawyer, a bank, or what?
363 (CEN)**		E16d. Is the trustee a friend, a relative, or what?
	0.1	1. Friend
	0.1	2. Relative
	0.2	3. Lawyer
	0.5	4. Bank(er)
	0.1	5. Wife or in-law
	0.1	6. Any combination of 1-5
	0.1	7. Other
	0.0	8. DK
	0.2	9. NA
	98.7	0. Inap.
	100.1 CV=.13	

E16e. What type of assets did you put into the trust? (3 mentions)

E-SECTION			
V364	V365	V366	
0.7	0.9	0.0	1. Stock (PRIORITY)
0.2	0.1	0.0	2. Bonds
0.1	0.4	0.0	3. Cash
0.0	0.2	0.1	4. Real estate
0.1	0.0	0.0	5. Life insurance proceeds
0.0	0.0	0.0	6. More than one of above
0.0	0.0	0.0	7. Other
0.0	0.0	0.0	8. DK
0.3	0.0	0.0	9. NA
98.7	98.6	99.7	0. Inap., no further mentions
100.1	100.1	100.2	
CV=.10	CV=.08	CV=.09	

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*(SRC) Survey Research Center sample only.

**(CEN) Census sample only.

Variable Number	Percent	Content
367		E14f. IF ANY STOCK - Was any of that stock in a family corporation?
	E-SECTION	
	0.2	1. YES
	0.6	5. NO
	0.0	8. DK
	0.0	9. NA
	99.2	0. Inap., STOCK not mentioned
	100.0 CV=.33	

Variable Number	Percent	Content
368 (SRC)*		E14g. (SRC) Does the trust get the income or the principal, or both?
368 (CEN)**		E14g. (CENSUS) Will the trust give its income to charity, or its principal, or both?
	E-SECTION	
	0.2	1. INCOME ONLY
	0.1	2. PRINCIPAL ONLY
	0.7	3. BOTH PRINCIPAL AND INCOME
	0.0	8. DK
	0.3	9. NA
	98.7	0. Inap.
	100.0 CV=.10	

Variable Number	Percent	Content
369		E15. Have you (and your wife) ever considered setting up a trust fund or having one set up by your will?
	E-SECTION	
	30.5	1. YES
	46.6	5. NO
	0.0	8. DK
	2.0	9. NA
	21.0	0. Inap.
	100.1 CV=.17	

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*(SRC) Survey Research Center sample only.

**(CEN) Census sample only.

Variable Number	Percent	Content
370		E15a. Would it make any contributions to religious or charitable organizations?
	E-SECTION	
	0.5	1. YES
	28.9	5. NO
	0.8	8. DK
	0.2	9. NA
	69.5	0. Inap.
	99.9 CV=.11	

Variable Number	Percent	Content
371 (SRC)*		E15b. (SRC) Would the trustee be a friend, a relative, a lawyer, a bank, or what?
371 (CEN)**		E15a. (CENSUS) Would the trustee be a friend, a relative, or what?
	E-SECTION	
	0.2	1. Friend
	2.1	2. Relative
	2.1	3. Lawyer
	2.3	4. Bank(er)
	0.0	5. Wife or in-law
	0.6	6. Any combination of 1-5
	0.9	7. Other
	0.5	8. DK
	0.1	9. NA
	91.3	0. Inap.
	100.1 CV=.12	

Variable Number	Percent	Content
372		E15c. Do you think you will actually set up a trust?
	E-SECTION	
	6.7	1. YES
	0.3	5. NO
	1.6	8. DON'T KNOW
	0.0	9. NA
	91.5	0. Inap.
	100.1 CV=.09	

Variable Number	E-SECTION V373	E-SECTION V374	Content
373 374			E15d. Why not? (2 mentions)
	0.0	0.0	1. Tax laws reasons (PRIORITY)
	0.0	0.0	2. Want control of money
	0.0	0.0	3. Not necessary (found an alternative)
	0.3	0.0	7. Other
	0.0	0.0	8. DK
	0.0	0.0	9. NA
	99.7	100.0	0. Inap., no second mention
	100.0	100.0	
	CV=.08	CV= --	

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*(SRC) Survey Research Center sample only.
**(CEN) Census sample only.

Variable Number	Percent			Content
	E-SECTION			E15e. What type of assets did you put into the trust? (3 mentions)
	V375	V376	V377	
	1.6	0.4	0.0	1. Stocks (PRIORITY)
	0.0	0.4	0.0	2. Bonds
	1.3	0.1	0.0	3. Cash
	2.4	0.7	0.4	4. Real estate, business
	0.0	0.1	0.0	5. Life insurance proceeds
	0.2	0.0	0.0	6. More than one of the above
	0.5	0.0	0.0	7. Other
	0.0	0.0	0.0	8. DK
	0.6	0.0	0.0	9. NA
	93.3	98.3	99.6	0. Inap., no further mentions
	99.9	100.0	100.0	
	CV=.13	CV=.09	CV=.11	

Variable Number	Percent		Content
378			E15f. IF ANY STOCK - Would any of that be stock in a family corporation?
	1.1		1. YES
	2.9		5. NO
	0.0		8. DON'T KNOW
	0.1		9. NA
	95.9		0. Inap., STOCKS NOT MENTIONED IN E15e.
	100.0	CV=.11	

Variable Number	Percent		Content
379 (SRC)*			E15g. (SRC) Would the trust get the income or the principal, or both?
379 (CEN)**			E15g. (CENSUS) Will the trust give its income to charity, or its principal, or both?
	1.2		1. INCOME ONLY
	0.5		2. PRINCIPAL ONLY
	4.0		3. BOTH INCOME AND PRINCIPAL
	0.4		8. DK
	0.5		9. NA
	93.3		0. Inap.
	99.9	CV=.10	

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[*] (SRC) Survey Research Center sample only.

[**] (CEN) Census sample only.

Variable Number	Percent		Content
380			E16. Have you or your wife ever created a private foundation that makes charitable contributions?
	E-SECTION		
	2.4		1. YES
	95.9		5. NO
	0.0		8. DK
	1.5		9. NA
	0.2		0. Inap.
	100.0	CV=.16	

Variable Number	Percent		Content
381	E-SECTION		E16a. Does it still exist?
	1.4		1. YES
	1.1		5. NO
	0.0		8. DK
	0.0		9. NA
	97.5		0. Inap.
	100.0	CV=.21	

Percent			Content
E-SECTION			E16b. What kinds of organizations does it contribute to?
V382	V383	V384	
0.5	0.1	0.0	01. Religious
0.0	0.1	0.0	02. Combined appeals
0.0	0.0	0.0	03. Community
0.2	0.1	0.1	04. Health and medical
0.2	0.3	0.1	05. Higher education
0.0	0.0	0.1	06. Elementary and secondary education
0.0	0.0	0.0	07. Social welfare
0.0	0.0	0.0	08. Cultural
0.0	0.0	0.0	09. Public affairs
0.0	0.0	0.0	10. Environment
0.0	0.0	0.0	11. International (HIGH PRIORITY)
0.0	0.0	0.0	12. Private foundation or trust
0.0	0.0	0.0	27. Other charitable
0.0	0.0	0.0	28. Noncharitable - political
0.0	0.0	0.0	29. Noncharitable - other
0.0	0.0	0.0	98. DK
0.4	0.1	0.1	99. NA
98.6	99.3	99.6	00. Inap., no further mentions
99.9	100.0	100.0	
CV=.17	CV=.15	CV=.14	

Variable Number	Percent	Content
385		E16c. Did you include these gifts in your own charitable giving?
	E-SECTION	
	1.1	1. YES
	0.4	5. NO
	0.0	8. DK
	0.0	9. NA
	98.6	0. Inap.
	100.0 CV=.18	

Variable Number	Percent	Content
386		E16d. About how much did they amount to in 1973?
		Actual dollar amount (000001-999996)
	E-SECTION	
	98.6	0. None
	0.0	1. $1 - 999
	0.3	2. $1,000 - 4,999
	0.2	3. $5,000 - 9,999
	0.3	4. $10,000 - 24,999
	0.1	5. $25,000 - 49,999
	0.1	6. $50,000 - 99,999
	0.1	7. $100,000 - 199,999
	0.0	8. $200,000 - 999,997
	0.3	9. DK, NA
	100.0 CV=.15	

Variable Number	Percent			Content
	E-SECTION			E16e. What kind of assets were used to set up the foundation?
	V387	V388	V389	(3 mentions)
	0.8	0.0	0.0	1. Stock (PRIORITY)
	0.0	0.0	0.0	2. Bonds
	0.6	0.3	0.0	3. Cash
	0.0	0.1	0.0	4. Real estate, business
	0.0	0.0	0.0	5. Life insurance
	0.0	0.0	0.0	6. More than one of the above
	0.0	0.0	0.0	7. Other
	0.0	0.0	0.0	8. DK
	0.0	0.0	0.0	9. NA
	98.6	99.6	100.0	0. Inap.
	100.0	100.0	100.0	
	CV=.15	CV=.17	CV=.13	

Variable Number	Percent	Content
390		E16f. IF STOCK - Was any of it stock in a family corporation?
	E-SECTION	
	0.3	1. YES
	0.6	5. NO
	0.0	8. DON'T KNOW
	0.0	9. NA
	99.1	0. Inap., STOCK not mentioned in E16e
	100.0 CV=.15	

Variable Number	Percent	Content
391		E16g. Are you aware of changes in the tax laws affecting private foundations in the last five years?
	E-SECTION	
	1.2	1. YES
	0.2	5. NO
	0.0	8. DON'T KNOW
	0.0	9. NA
	98.6	0. Inap.
	100.0 CV=.21	

Variable Number	Percent	Content
392		E16h. Have you had any advice about the implications of these changes?
	E-SECTION	
	1.1	1. YES
	0.1	5. NO
	0.0	8. DK
	0.0	9. NA
	98.6	0. Inap.
	100.0 CV=.19	

Variable Number | Percent | Content

E16i. What was this advice?

(3 mentions)

E-SECTION V393	V394	V395	Content
0.0	0.0	0.0	1. Don't put any more money into it
0.2	0.0	0.0	2. Terminate it; give away all assets
0.0	0.0	0.0	3. Change recipients
0.0	0.0	0.0	4. Give away more
0.0	0.0	0.0	5. Do nothing different
0.3	0.0	0.0	7. Other
0.3	0.0	0.0	8. DK
0.2	0.0	0.0	9. NA
98.9	100.0	100.0	0. Inap., no further mentions
99.9	100.0	100.0	
CV=.12	CV=.13	CV= --	

E16j. Have you done anything about the foundation as a result of the changes in the law?

E-SECTION		Content
0.6		1. YES
0.5		5. NO
0.0		8. DK
0.0		9. NA
98.8		0. Inap.
99.9	CV=.19	

E16k. What have you done?

(3 mentions)

E-SECTION V397	V398	V399	Content
0.2	0.0	0.0	1. Put no more money or property into it
0.2	0.0	0.0	2. Terminating it; giving away all assets
0.0	0.0	0.0	3. Changed recipients
0.0	0.0	0.0	4. Give away more
0.0	0.0	0.0	5. Instituted procedural and/or accounting requirements
0.0	0.0	0.0	7. Other
0.2	0.0	0.0	8. DK
0.0	0.0	0.0	9. NA
99.4	100.0	100.0	0. Inap., no further mentions
100.0	100.0	100.0	
CV=.12	CV=.09	CV= --	

E16l. Will you do anything in the future about your foundation as a result of the changes?

400 E-SECTION		Content
0.5		1. YES
0.6		5. NO
0.1		8. DK
0.0		9. NA
98.8		0. Inap.
100.0	CV=.16	

Variable Number | Percent | Content

E16m. What will you do?

(3 mentions)

E-SECTION V601	V602	V603	Content
0.1	0.0	0.0	1. Put no more money or property into it
0.1	0.0	0.0	2. Terminate it; give away all assets
0.0	0.0	0.0	3. Change recipients
0.0	0.0	0.0	4. Give away more
0.0	0.0	0.0	7. Other
0.0	0.0	0.0	8. DK
0.2	0.0	0.0	9. NA
99.5	100.0	100.0	0. Inap., no further mentions
99.9	100.0	100.0	
CV=.11	CV= --	CV= --	

404

E17. When did the foundation terminate?

(Coded with last two digits of year ended)

98. DK
99. NA
00. Inap.

E17a. Why was it terminated?

(3 mentions)

E-SECTION V605	V606	V607	Content
0.2	0.0	0.0	1. Change in tax laws (PRIORITY)
0.0	0.0	0.0	2. Didn't need the tax saving any more
0.0	0.0	0.0	3. No more money; not sufficient assets to work
0.1	0.0	0.0	4. Wasn't needed any more, fulfilled its purpose
0.7	0.0	0.0	7. Other
0.0	0.0	0.0	8. DK
0.0	0.0	0.0	9. NA
99.0	100.0	100.0	0. Inap., no further mentions
100.0	100.0	100.0	
CV=.09	CV=.10	CV= --	

E18. Have you ever considered setting up a private foundation to handle your charitable contributions?

408 E-SECTION		Content
3.1		1. YES
92.9		5. NO
0.0		8. DK
1.6		9. NA
2.4		0. Inap.
100.0	CV=.18	

Variable Number	Percent			Content
409 410	E-SECTION			E18a. What would be the advantages of doing that?
	V409	V410		(2 mentions)
	1.1	0.0		1. Tax benefits, save taxes (PRIORITY)
	0.9	0.1		2. Easier or more efficient to administer my giving (CENSUS)
	0.0	0.0		3. Continuity after death
	0.9	0.0		7. Other
	0.1	0.0		8. DK
	0.1	0.0		9. NA
	96.9	99.9		0. Inap., no second mention
	100.0	100.0		
	CV=.09	CV=.06		
411 412	E-SECTION			E18b. What would be the disadvantages?
				(2 mentions)
	0.3	0.0		1. Tax laws too strict, tax complications
	0.4	0.0		2. Ties up money, inflexible (CENSUS)
	1.4	0.0		7. Other
	0.5	0.0		8. DK
	0.4	0.0		9. NA
	97.0	100.0		0. Inap.; none, no second mention
	100.0	100.0		
	CV=.12	CV= --		
413	E-SECTION			E18c. Do you still think you may set up a private foundation?
	0.7			1. YES
	1.3			5. NO
	1.1			8. DON'T KNOW
	0.0			9. NA
	96.9			0. Inap.
	100.0 CV=.10			
	E-SECTION			E18d. What kind of assets would you use to set it up? (3 mentions)
	V414	V415	V416	(PRIORITY CODE)
	0.7	0.0	0.0	1. Stock; securities
	0.0	0.0	0.0	2. Bonds
	0.0	0.3	0.0	3. Cash
	0.0	0.2	0.0	4. Real estate
	0.0	0.0	0.0	6. More than one of the above
	0.0	0.0	0.0	7. Other
	0.0	0.0	0.0	8. DK
	0.0	0.0	0.0	9. NA
	99.3	99.5	100.0	0. Inap., no further mentions
	100.0	100.0	100.0	
	CV=.10	CV=.08	CV= --	

Variable Number	Percent		Content
417			E18e. IF STOCK - Would any of that be stock in a family corporation?
	E-SECTION		
	0.0		1. YES
	0.5		5. NO
	0.0		8. DON'T KNOW
	0.2		9. NA
	99.3		0. Inap., STOCKS NOT MENTIONED
	100.0 CV=.08		
418 (SRC)* 419 (SRC)*	E-SECTION		E18f. Why is that?
			(2 mentions)
	0.4	0.0	1. Tax reasons (PRIORITY)
	0.3	0.0	7. Other
	0.0	0.0	8. DK
	0.0	0.0	9. NA
	99.3	100.0	0. Inap., no second mention
	100.0	100.0	
	CV=.11	CV=.07	
420	E-SECTION		E19. Have you made out a will?
	77.2		1. YES
	22.0		5. NO
	0.0		8. DK
	0.7		9. NA
	0.0		0. Inap., assets less than $100,000
	99.9 CV=.16		
421	E-SECTION		E19a. Have you changed your will since 1970?
	21.2		1. YES
	55.8		5. NO
	0.0		8. DK
	0.2		9. NA
	22.8		0. Inap.
	100.0 CV=.15		

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*(SRC) Survey Research Center sample only.

Variable Number	Percent	Content
422 (SRC)*		E19b. (SRC) Was this because of changes in the law?
422 (CEN)**		E19b. (CEN) Was this because of changes in the tax law?
	E-SECTION	
	2.0	1. YES
	19.1	5. NO
	0.0	8. DK
	0.1	9. NA
	78.8	0. Inap.
	100.0 CV=.16	

E19c. What changes did you make? (2 mentions)

E-SECTION V423	E-SECTION V424	Content
1.6	0.0	7. Other
0.1	0.0	8. DK
0.4	0.0	9. NA
97.9	100.0	0. Inap., no second mention
100.0	100.0	
CV=.16	CV= --	

Variable Number	Percent	Content
425		E20. Do you plan to leave anything directly to any religious or charitable organization?
	E-SECTION	
	18.5	1. YES
	76.2	5. NO
	4.1	8. DK
	1.2	9. NA
	0.0	0. Inap., assets less than $100,000
	100.0 CV=.11	

Variable Number	Percent	Content
426		E20a. About what percent of your estate will you leave directly to such organizations?
	E-SECTION	
	0.8	1. MORE THAN 50%
	14.2	2. 50% OR LESS
	2.6	8. DK
	1.0	9. NA
	81.5	0. Inap.
	100.1 CV=.19	

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*(SRC) Survey Research Center sample only.

**(CEN) Census sample only.

Variable Number	Percent	Content
426 (CEN)**		E20a. About what percent of your estate will you leave directly to such organizations?
		Actual percentage (001-100)
	E-SECTION	
	82.2	0. None
	3.3	1. 1 - 9 percent
	2.6	2. 10 - 19 percent
	0.4	3. 20 - 29 percent
	0.1	4. 30 - 49 percent
	0.0	5. 50 percent
	0.1	6. 51 - 74 percent
	1.2	7. 75 - 100 percent
	10.0	9. DK, NA
	99.9 CV=.16	

Variable Number	Percent	Content
427		E20b. There has been a proposal to limit the estate tax exemption on charitable bequests to a maximum of half the estate. Would you change your arrangements if they did that?
	E-SECTION	
	0.7	1. YES
	0.1	5. NO
	0.0	8. DK
	0.0	9. NA
	99.2	0. Inap.
	100.0 CV=.09	

428
429

E20c. What would you do? (2 mentions)

E-SECTION V428	E-SECTION V429	Content
0.0	0.0	1. Give more to charity during lifetime
0.0	0.0	2. Give less to charity in bequest
0.0	0.0	7. Other
0.1	0.0	8. DK
0.6	0.0	9. NA
99.3	100.0	0. Inap., no second mention
100.0	100.0	
CV=.14	CV= --	

**(CEN) Census sample only.

Variable Number	Percent: E-SECTION V630	Percent: E-SECTION V631	Content
630 631			E20d. Why is that? (2 mentions)
	0.0	0.0	1. Save (escape) estate taxes (PRIORITY)
	0.0	0.0	7. Other
	0.0	0.0	8. DK
	0.7	0.0	9. NA
	99.3	100.0	0. Inap., no second mention
	100.0 CV=.15	100.0 CV= --	

Variable Number	Content
632	CHECKPOINT [E]
	1. WIFE IN THE HOUSEHOLD
	2. NO WIFE IN THE HOUSEHOLD
	0. Inap.

Variable Number	Percent: E-SECTION	Percent: WIFE	Content
633			E21. What fraction of your estate will go to your wife?
	3.8	0.6	1. LESS THAN 50%
	25.7	2.8	2. 50-99%
	67.9	5.3	3. ALL
	0.1	0.0	4. Goes to trust with wife beneficiary
	0.6	0.1	8. DK
	1.4	0.2	9. NA
	18.4	91.0	0. Inap.
	99.9 CV=.19	100.0 CV=.22	

Variable Number	Percent	Content
679 (CEN)**		E21. What fraction of your estate will go to your wife?
	20.[illegible]	0. None
	0.0	1. 1 - 9 percent
	0.1	2. 10 - 19 percent
	0.1	3. 20 - 29 percent
	0.1	4. 30 - 49 percent
	7.2	5. 50 percent
	0.8	6. 51 - 74 percent
	42.2	7. 75 - 100 percent
	28.1	9. DK, NA
	100.0 CV=.16	

Variable Number	Percent: E-SECTION V634	Percent: E-SECTION V635	Content
634 (SRC)* 635 (SRC)*			E21a. If the law were changed so that you could leave more of your estate to your wife tax free, what would you do differently? (2 mentions)
	2.1	0.0	1. Leave more (maximum) to wife
	5.6	0.1	5. Nothing
	0.2	0.0	7. Other
	0.9	0.0	8. DK
	0.9	0.0	9. NA
	90.3	99.9	0. Inap., no second mention
	100.0	100.0	
	CV=.13	CV=.06	

Variable Number	Percent: E-SECTION	Percent: WIFE	Content
680 (CEN)**			E21a. If the law were changed so that you could leave more of your estate to your wife tax free, would you do so?
	17.9	1.0	1. YES
	12.2	5.7	5. NO
	0.2	0.0	8. DK
	0.1	0.0	9. NA
	69.6	93.3	0. Inap.
	100.0	100.0	
	CV=.14	CV=.21	

Variable Number	Percent: E-SECTION V636	Percent: E-SECTION V637	Percent: E-SECTION V638	Content
636 (SRC)* 637 (SRC)* 638 (SRC)*				E21b. IF MORE TO WIFE - In this case what other bequests would be cut? (3 mentions)
	0.2	0.0	0.0	1. Charitable - religious
	0.0	0.0	0.0	2. Charitable - educational
	0.0	0.0	0.0	3. Charitable - health
	0.0	0.0	0.0	4. Charitable - welfare
	0.4	0.0	0.0	5. Charitable - other
	6.5	0.0	0.0	6. Children, grandchildren, other relatives
	0.9	0.0	0.0	7. Other
	2.3	0.0	0.0	8. DK
	0.8	0.0	0.0	9. NA
	89.0	100.0	100.0	0. Inap., MORE TO WIFE not mentioned; no further mentions
	100.1	100.0	100.0	
	CV=.13	CV=.08	CV= --	

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*(SRC) Survey Research Center sample only.

**(CEN) Census sample only.

Variable Number	Percent	Content
636 (CEN)**		E21b. In this case what other bequests would be cut? (3 mentions)
637 (CEN)**	WIFE	
638 (CEN)**	0.0	1. Charitable - religious
	0.0	2. Charitable - educational
	0.0	3. Charitable - health
	0.0	4. Charitable - welfare
	0.0	5. Charitable - other
	0.7	6. Children, grandchildren, other relatives
	0.1	7. Other
	0.3	8. DK
	0.1	9. NA
	98.8	0. Inap.
	100.0 CV=[illegible]	

Variable Number	Percent	Content
663		F2. Was that on a farm, or in a small town, or a large city, or what?
		PRIORITY ORDER: 3, 5, 2, 1 unless there is an indication where respondent lived the longest between the ages of 1 and 16. If more than one box checked, code highest density.
	28.8	1. Farm
	40.1	2. Small town
	27.2	3. Large city
	0.8	4. Medium sized city or town
	1.9	5. Small city or large town
	0.2	6. Suburb
	0.5	7. Other
	0.0	8. DK
	0.5	9. NA
	100.0 CV=.09	

** (CEN) Census sample only.

Variable Number	Percent	Content
664		F3. How many other states or countries have you lived in for a year or more?
		Actual number (00-97)
	41.8	00. None
	27.0	01. One
	15.1	02. Two
	6.7	03. Three
	3.9	04. Four
	2.3	05. Five
	0.8	06. Six
	0.8	07. Seven
	0.2	08. Eight
	0.1	09. Nine
	0.2	10. Ten
	0.1	11. Eleven
	0.1	12. Twelve
	0.1	15. Fifteen
	0.1	30. Thirty
	0.0	97. 97 or more
	0.0	98. DK
	0.6	99. NA
	99.9 CV=.10	

Variable Number	Percent	Content
665		F4. How long have you lived in this neighborhood?
		(Actual number of years)
		00. Less than 6 months
	(See V530)	01. 6 months to one year
		02. Two years
		03. Three years
		.
		.
		.
		97. 97 years or more
		98. DK
		99. NA

Variable Number	Percent		Content
446			F5. Were your parents poor when you were growing up, pretty well off, or what?
	53.1		1. Poor
	30.9		3. Average; "it varied"
	14.1		5. Pretty well off
	0.3		8. DK
	1.5		9. NA
	99.9	CV=.07	
447			F6, F6a. What was the highest grade or year of school your father completed? Did he have a college degree?
	4.4		0. NONE
	21.9		1. 1-6 years
	22.4		2. 7-8 years
	10.3		3. 9-11 years
	20.4		4. 12 OR MORE - NO COLLEGE DEGREE, OR DON'T KNOW
	5.1		5. 12 OR MORE - COLLEGE DEGREE
	14.5		8. DK
	1.0		9. NA
	100.0	CV=.10	
448 (SRC)*			F7. What was your father's usual occupation when you were growing up?
	SRC		
	6.4		1. Professional, technical and kindred workers
	6.3		2. Managers, officials and proprietors
	3.9		3. Self-employed businessmen
	5.7		4. Clerical and sales workers
	17.4		5. Craftsmen, foremen, and kindred workers
	13.8		6. Operatives and kindred workers
	10.7		7. Laborers and service workers, farm laborers
	27.9		8. Farmers and farm managers
	7.9		9. Miscellaneous (armed services, protective workers); NA; DK
	0.0		0. Inap., no father or father surrogate; father did nothing
	99.9	CV=.09	

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[*] (SRC) Survey Research Center sample only.

Variable Number	Percent		Content
481 (CEN)**			F7. What was your father's usual occupation when you were growing up?
			(3-digit OCCUPATION CODE, attachment IV)
			999. NA
482 (CEN)**			(2-digit OCCUPATION CODE, attachment IV)
			99. NA
483 (CEN)**			(2-digit INDUSTRY CODE, attachment IV)
			99. NA
449			F8. What is the highest grade or year of regular school you (HEAD) completed?
	0.5		0. NONE
	7.8		1. 1-6 years
	12.4		2. 7-8 years
	19.1		3. 9-11 years
	40.5		4. 12 OR MORE - NO COLLEGE DEGREE
	3.4		5. 12 OR MORE - AA degree, 2 years
	10.5		6. 12 OR MORE - BA, BS degree
	4.7		7. 12 OR MORE - MA, JD, MD, Phd, LLB, etc.
	0.0		8. DK
	0.1		9. NA
	100.0	CV=.18	
450			CHECKPOINT [F]
			1. WIFE IN HOUSEHOLD
			2. NO WIFE IN HOUSEHOLD

[**] (CEN) Census sample only.

Variable Number	Percent	Content
451		F9. What is the highest grade or year of regular school your wife completed?
	WIFE	
	0.3	0. NONE; Inap., NO WIFE
	4.1	1. 1-6 years
	7.9	2. 7-8 years
	18.3	3. 9-11 years
	54.4	4. 12 OR MORE - NO COLLEGE DEGREE
	4.0	5. 12 OR MORE - AA DEGREE, 2 years
	9.1	6. 12 OR MORE - BA, BS degree
	1.8	7. 12 OR MORE - MA, JD, MD, PhD, LLB, etc.
	0.0	8. DK
	0.2	9. NA
	100.1 CV=.17	
452		F10. Do you help support anyone who doesn't live with you - such as children away at school, parents, or others?
	14.7	1. YES
	85.2	5. NO
	0.0	8. DK
	0.1	9. NA
	100.0 CV=.15	
453		F11. Are any of these people dependent on you for more than half of their total support?
	8.1	1. YES
	5.7	5. NO
	0.1	8. DK
	0.2	9. NA
	85.3	0. Inap.
	100.1 CV=.11	
454		F11a. How many?
	3.7	1. One
	1.6	2. Two
	0.8	3. Three
	0.2	4. Four
	0.1	5. Five
	0.1	9. NA
	93.6	0. Zero; Inap.
	100.1 CV=.09	

Variable Number	Percent	Content
455		F12. Do you have any children currently attending private or parochial schools below the college level?
	10.0	1. YES
	89.2	5. NO
	0.0	8. DK
	0.7	9. NA
	99.9 CV=.06	
456		F13. Do you have parents or other relatives who may need more financial help from you in the future?
	28.6	1. YES
	68.8	5. NO
	2.1	8. DK
	0.4	9. NA
	99.9 CV=.10	
457 (SRC)*		F14. Did your parents contribute regularly to religious or charitable organizations when you were living with them?
457 (CEN)**		F14. When you were growing up, did your parents contribute regularly to charitable or religious organizations?
	73.4	1. YES
	19.7	5. NO
	6.4	8. DK
	0.4	9. NA
	99.9 CV=.05	
458 (SRC)*		F15. About how often do you usually attend religious services?
	SRC	
	7.3	1. More than once a week
	31.6	2. Once a week, regularly
	9.4	3. 2-3 times a month
	6.4	4. Once a month
	1.4	5. 6-11 times a year
	11.7	6. 1-5 times a year
	10.6	7. Less than once a year; very seldom; seldom; not often
	18.7	8. Never
	3.4	9. NA, DK
	0.0	0. Inap., CENSUS INTERVIEW
	100.0 CV=.03	

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*(SRC) Survey Research Center sample only.

**(CEN) Census sample only.

Variable Number	Percent		Content
459 (SRC)*			F16. When you were growing up, about how often did you attend religious services?
	SRC		
	11.0		1. More than once a week
	43.6		2. Once a week, regularly
	7.3		3. 2-3 times a month
	7.9		4. Once a month
	8.4		5. 6-11 times a year
	5.8		6. 1-5 times a year
	4.0		7. Less than once a year; very seldom; seldom; not often
	6.0		8. Never
	6.1		9. NA; DK
	0.0		0. Inap., CENSUS INTERVIEW
	100.1	CV=.05	
460 (SRC)*			F17-F17a. Is your church preference Protestant, Catholic, Jewish, or what?
	SRC		
	22.6		1. Baptist, including "Southern Baptist"
	15.4		4. Methodist
	1.8		5. Episcopalian
	4.2		6. Presbyterian
	7.9		7. Lutheran
	9.6		8. Bahai; Congregationalist; Dutch Reformed or Christian Reformed; Latter Day Saints or Mormon; Unitarian or Universalist; Christian Church Disciples of Christ; Evangelical and Reformed; Quaker or Society of Friends (Friends); United Church of Christ
	9.6		9. Other Protestant denominations not included above; Protestant but NA, DK denomination
	22.2		2. CATHOLIC
	2.4		3. JEWISH
	4.3		0. NA; DK religious preference; other (Greek Orthodox, Moslem); NONE; CENSUS INTERVIEW
	100.0	CV=.08	

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* (SRC) Survey Research Center sample only.

Variable Number	Percent		Content
461 (SRC)*			F18. Have you usually felt pretty sure your life would work out the way you want it to, or have there been more times when you haven't been very sure about it?
	SRC		
	39.2		1. Pretty sure life would work out
	4.4		3. Pro-con; sometimes sure, sometimes not sure about it
	34.9		5. Not very sure about it
	0.9		8. DK
	20.6		9. NA
	0.0		0. Inap., CENSUS INTERVIEW
	100.0	CV=.10	
462 (SRC)*			F19. When you make plans ahead, do you usually get to carry out things the way you expected, or do things usually come up to make you change your plans?
	SRC		
	55.1		1. Usually get to carry out things the way expected
	9.6		3. Pro-con; sometimes get to carry out things; sometimes have to change plans
	27.6		5. Things usually come up to change plans
	0.4		8. DK
	7.3		9. NA
	0.0		0. Inap., CENSUS INTERVIEW
	100.0	CV=.11	
463			G1. Race
	85.8		1. WHITE
	10.9		2. NONWHITE
	1.3		7. OTHER
	0.0		8. DK
	2.0		9. NA
	100.0	CV=.13	

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* (SRC) Survey Research Center sample only.

Variable Number	Percent		Content
464			C2. Place (of interview)
	19.6		1. LARGE CITY OF 250,000 OR MORE
	11.4		2. SUBURBS OF A CITY OF 250,000 OR MORE
	15.2		3. CITY OF 50,000-249,999
	35.7		4. SMALL CITY, LESS THAN 50,000
	15.7		5. FARM OR OPEN COUNTRY
	0.0		8. DK
	2.6		9. NA
	100.0	CV=.09	
465			C3. Type of structure in which family lives
	6.9		0. TRAILER
	70.3		1. DETACHED SINGLE FAMILY HOUSE
	2.9		2. 2-FAMILY HOUSE, 2 UNITS SIDE BY SIDE
	2.7		3. 2-FAMILY HOUSE, 2 UNITS ONE ABOVE THE OTHER
	3.0		4. DETACHED 3-4 FAMILY HOUSE
	2.0		5. ROW HOUSE (3 OR MORE UNITS IN AN ATTACHED ROW)
	7.6		6. APARTMENT HOUSE (5 OR MORE UNITS, 3 STORIES OR LESS)
	3.8		7. APARTMENT HOUSE (5 OR MORE UNITS, 4 STORIES OR MORE)
	1.1		8. APARTMENT IN A PARTLY COMMERCIAL STRUCTURE
	2.0		9. OTHER; NA; DK
	100.1	CV=.08	

Variable Number	Percent			Content
				C4. Who was present during the interview? (3 mentions)
	V466	V467	V468	
	41.0	84.8	96.4	0. No one (but respondent); no further mentions
	41.2	0.2	0.2	1. Wife
	6.1	4.6	0.3	2. Child(ren) aged 12 and over of respondent
	3.8	6.7	1.2	3. Child(ren) all aged 11 and under of respondent
	2.1	1.4	0.6	4. Other adult relatives - parent(s), in-law(s), aunt, uncle, etc.
	1.1	0.7	0.3	5. Other younger relatives - nieces, nephews
	2.6	1.3	0.4	6. Other unrelated adults
	0.1	0.3	0.3	7. Other unrelated children
	1.7	0.1	0.1	9. NA; DK
	99.9	100.1	99.8	
	CV=.08	CV=.05	CV=.05	

469
(CEN)**

CENSUS SERIAL NUMBER
(4 digits)

484
(SRC)*

WEIGHTS

		Age ≥ 25	
Sampling Rate	Age <25 or Education <12	Education < College	Education = College
High rate	72	16	9
Medium rate	72	29	18
Low rate	72	48	36

(See Appendix 1 for description of sampling rates and screening questions)

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*(SRC) Survey Research Center sample only.

**(CEN) Census sample only.

Variable Number	Percent	Content
485		Total income 1973 (V165)
	16.7	1. $ 0 - 3999
	19.6	2. $4000 - 7999
	11.0	3. $8000 - 9999
	23.2	4. $10,000 - 14,999
	15.2	5. $15,000 - 19,999
	9.5	6. $20,000 - 29,999
	3.2	7. $30,000 - 49,999
	1.3	8. $50,000 or more
	0.2	9. DK, NA
	99.9	

Variable Number	Percent	Content
486		Total donated time of head (V47 + V50 + V53 + V56 + V59)
	(See V487)	Actual number of hours (0001-9997)
		9997. 9997 hours or more
		9998. DK
		9999. NA
		0000. None

Variable Number	Percent	Content
487		Bracket total time of head (V486)
	68.4	0. None
	5.5	1. 1 - 19 hours
	6.2	2. 20 - 49 hours
	4.6	3. 50 - 99 hours
	5.6	4. 100 - 199 hours
	5.4	5. 200 - 499 hours
	1.4	6. 500 - 999 hours
	0.4	7. 1000 or more hours
	2.4	9. DK, NA, one or more components
	99.9	
	CV=.09	

Variable Number	Percent	Content
488		Bracket value Head's time per hour (V61)
	11.1	0. None; Inap.
	0.7	1. $1
	4.1	2. $2
	6.1	3. $3 - $4
	5.7	4. $5 - $9
	2.4	5. $10 - $24
	1.3	6. $25 - $97
	68.5	9. DK, NA
	99.9	
	CV=.14	

Variable Number	Percent	Content
489		Bracket Head's paid time off (V63)
	98.0	0. None; Inap.
	0.7	1. 1 - 19 hours
	0.7	2. 20 - 49 hours
	0.3	3. 50 - 99 hours
	0.1	4. 100 - 199 hours
	0.2	5. 200 - 499 hours
	0.0	6. 500 - 997 hours
	0.1	9. DK, NA
	100.1	
	CV=.08	

Variable Number	Percent	Content
490		Total donated time of wife (V73 + V76 + V79 + V82 + V85)
	(See V491)	Actual number of hours (0001-9997)
		9997. 9997 hours or more
		9998. DK
		9999 NA
		0000. None

Variable Number	WIFE	ALL	Content
491			Bracket total wife's time (V490)
	57.1	70.3	0. None; Inap.
	10.6	7.4	1. 20 - 49 hours
	6.7	4.6	2. 20 - 49 hours
	7.6	5.3	3. 50 - 99 hours
	6.8	4.7	4. 100 - 199 hours
	6.2	4.3	5. 200 - 499 hours
	1.6	1.1	6. 500 - 999 hours
	0.5	0.3	7. 1,000 or more hours
	2.8	2.0	9. DK, NA
	99.9	100.0	
	CV=.11	CV=.14	

Variable Number	WIFE	Content
492		Bracket value wife's time per hour (V87)
	57.8	0. None; Inap.
	0.6	1. $1
	11.6	2. $2
	9.7	3. $3 - $4
	4.6	4. $5 - $9
	0.9	5. $10 - $24
	0.1	6 $25 - $97
	14.5	9. DK, NA
	99.8 CV=.13	

Variable Number	Percent	Content
493	WIFE	Bracket direct costs to wife (V90)
	76.5	0. None
	5.8	1. $1 - $19
	5.0	2. $20 - $49
	3.6	3. $50 - $99
	2.5	4. $100 - $199
	1.8	5. $200 - $499
	0.7	6. $500 - 9997
	4.2	9. DK, NA
	100.1 CV=.12	
494	WIFE	Bracket wife's paid time off (V91)
	99.5	0. None; Inap.
	0.2	1. 1 - 19 hours
	0.1	2. 20 - 49 hours
	0.0	3. 50 - 99 hours
	0.0	4. 100 - 199 hours
	0.0	5. 200 - 499 hours
	0.0	6. 500 - 997 hours
	0.1	9. DK, NA
	99.9 CV=.06	
495		Bracket time helping friends (V96)
	43.9	0. None; Inap.
	5.3	1. 1 - 19 hours
	10.8	2. 20 - 49 hours
	9.8	3. 50 - 99 hours
	9.6	4. 100 - 199 hours
	6.6	5. 200 - 499 hours
	4.5	6. 500 - 997 hours
	9.6	9. DK, NA
	100.1 CV=.08	
496	(See V497)	Annual work hours of Head (V238 x V239)
		Actual number of hours (0001 - 9996)
		9996. 9996 hours or more
		9997. Irregular
		9998. DK
		9999. NA
		0000. None

Variable Number	Percent	Content
497		Bracket Head's annual work hours (V496)
	26.9	0. 000; None
	2.0	1. 1 - 499 hours
	1.7	2. 500 - 999 hours
	3.3	3. 1000 - 1499 hours
	8.9	4. 1500 - 1999 hours
	23.1	5. 2000 - 2080 hours
	22.9	6. 2081 - 2999 hours
	9.5	7. 3000 or more hours
	1.6	9. DK, NA
	99.9 CV=.17	
498	(See V499)	Annual work hours of wife (V249 x V250)
		Actual number of hours (0001-9997)
		9997. 9997 or more
		9998. DK
		9999. NA
		0000. None
499	WIFE	Bracket annual work hours of wife (V498)
	51.5	0. 000; None; Inap.
	7.0	1. 1 - 499 hours
	6.9	2. 500 - 999 hours
	7.6	3. 1000 - 1499 hours
	7.6	4. 1500 - 1999 hours
	12.3	5. 2000 - 2080 hours
	6.0	6. 2081 - 2999 hours
	0.7	7. 3000 or more hours
	1.5	9. DK, NA
	100.0 CV=.10	
500		Bracket amount deducted for charitable contributions (V276)
	60.2	0. None; Inap.; Don't remember
	0.6	1. $1 - $99
	7.9	2. $100 - $249
	10.9	3. $250 - $499
	9.9	4. $500 - $999
	7.2	5. $1000 - $2499
	1.8	6. $2500 - $4999
	0.4	7. $5000 - $9999
	0.3	8. $10,000 - $99,997
	0.7	9. DK, NA
	99.9 CV=.22	

Variable Number	Percent	Content
501	GIVERS	Bracket total family contributions (V150)
	0.0	0. None; Inap.
	0.0	1. $1 - $99
	27.3	2. $100 - $249
	28.2	3. $250 - $499
	23.3	4. $500 - $999
	14.2	5. $1000 - $2499
	3.2	6. $2500 - $4999
	0.9	7. $5000 - $9999
	0.7	8. $10,000 - $999,997
	2.1	9. DK, NA
	99.9 CV=.26	
502		Total $ contributions to major organizations (V101 + V122 + V130 + V138)
	(See V503)	Actual dollar amount (000001 - 999997)
		999997. 999997 or more
		999998. DK
		999999. NA
		000000. None
503	GIVERS	Bracket total $ contributions to major organizations (V502)
	0.5	0. None
	0.3	1. $1 - $19
	0.9	2. $20 - $49
	5.4	3. $50 - $99
	32.0	4. $100 - $249
	23.7	5. $250 - $499
	18.0	6. $500 - $999
	12.1	7. $1000 - $4999
	0.7	8. $5000 - $999,997
	6.5	9. DK, NA
	100.1 CV=.19	
504		Total value property contributions to major organizations (V104 + V123 + V131 + V138)
	(See V505)	Actual dollar amount (000001 - 999997)
		999997. $999997 or more
		999998. DK
		999999. NA
		000000. None

Variable Number	Percent	Content
505	GIVERS	Bracket total value property contributions to major organizations (V504)
	90.2	0. None
	0.6	1. $1 - $19
	0.7	2. $20 - $49
	1.7	3. $50 - $99
	2.5	4. $100 - $249
	0.8	5. $250 - $499
	0.9	6. $500 - $999
	0.7	7. $1000 - $4999
	0.3	8. $5000 - $999,997
	1.7	9. DK, NA
	100.1 CV=.13	
506		Total $ plus property contributions to major organizations (V502 + V504)
	(See V507)	Actual dollar amount (000001 - 999997)
		999997. $999997 or more
		999998. DK
		999999. NA
		000000. None
507	GIVERS	Bracket total $ plus property contributions to major organizations (V506)
	0.1	0. None; Inap.
	0.1	1. $1 - $19
	0.7	2. $20 - $49
	5.0	3. $50 - $99
	31.4	4. $100 - $249
	23.7	5. $250 - $499
	18.0	6. $500 - $999
	12.5	7. $1000 - $4999
	1.0	8. $5000 - $999,997
	7.5	9. DK, NA
	100.0 CV=.20	

Variable Number	Percent		Content
508	GIVERS	WIFE	Bracket extra contributions by wife (V163)
	96.8	97.7	0. None
	0.3	0.2	1. $1-$19
	0.2	0.2	2. $20-$49
	0.5	0.4	3. $50-$99
	0.3	0.2	4. $100-$249
	0.0	0.0	5. $250-$499
	0.1	0.1	6. $500-$999
	0.2	0.1	7. $1000-$4999
	0.0	0.0	8. $5000-$999,997
	1.6	1.2	9. DK, NA
	100.0	100.1	
	CV=.08	CV=.09	

Variable Number	Percent		Content
509			Bracket total contributions to nondeductible organizations -- for people who gave less than $100 to charitable organizations (V228)
	96.3		0. None; Inap.
	1.2		1. $1-$19
	0.8		2. $20-$49
	1.1		3. $50-$99
	0.2		4. $100-$249
	0.0		5. $250-$499
	0.0		6. $500-$999
	0.0		7. $1000-$4999
	0.0		8. $5000-$999,997
	0.6		9. DK, NA
	100.0	CV=.05	

Variable Number	Percent		Content
510	GIVERS		Bracket percent total contributions to religious (V151)
	5.0		0. None
	6.2		1. 1-19%
	8.3		2. 20-39%
	14.9		3. 40-59%
	26.4		4. 60-79%
	35.1		5. 80-99%
	6.5		6. 100%
	1.8		9. DK, NA
	100.2	CV=.16	

Variable Number	Percent		Content
511	GIVERS		Bracket percent total contributions to local community (V152)
	13.1		0. None
	29.2		1. 1-19%
	16.8		2. 20-39%
	8.4		3. 40-59%
	6.8		4. 60-79%
	7.9		5. 80-99%
	6.9		6. 100%
	10.9		9. DK, NA
	100.0	CV=.08	

Variable Number	Percent		Content
512	GIVERS		Bracket percent total contributions to colleges (V153)
	74.3		0. None
	14.4		1. 1-19%
	3.6		2. 20-39%
	1.2		3. 40-59%
	0.6		4. 60-79%
	0.1		5. 80-99%
	0.0		6. 100%
	5.9		9. DK, NA
	100.1	CV=.15	

Variable Number	Percent		Content
513	GIVERS		Bracket nondeductible contributions (V217)
	79.5		0. None
	2.8		1. $1-$19
	2.4		2. $20-$49
	2.7		3. $50-$99
	3.5		4. $100-$249
	0.6		5. $250-$499
	1.1		6. $500-$999
	0.3		7. $1000-$4999
	0.1		8. $5000-999,997
	7.0		9. DK, NA
	100.0	CV=.09	

Variable Number	Percent		Content
514	GIVERS		Bracket acceptable percent on fund raising (V226)
	3.7		1. 00-04%
	8.0		2. 05-09%
	26.9		3. 10-14%
	18.1		4. 15-24%
	22.5		5. 25-49%
	2.8		6. 50-95%
	0.7		7. 96%
	0.1		8. 97%
	17.2		9. 98-99%, NA, DK
	100.0	CV=.09	

Variable Number	Percent		Content
515	ALL		Bracket head's age (V16)
	8.4		1. 18-24 years
	21.0		2. 25-34 years
	17.5		3. 35-44
	18.7		4. 45-54
	16.7		5. 55-64
	12.1		6. 65-74
	5.4		7. 75-98
	0.1		9. DK, NA
	99.9	CV=.15	

Variable Number	Percent	Content
516		Sex-marital status, head (V15, V69)
	69.2	1. Male, married
	8.3	2. Male, single
	22.4	3. Female head
	0.1	9. DK, NA, other
	100.0 CV=.24	
517		Total number of organizations contributed to (V144 + V119 + 1)
		Actual number (001-997)
	(See V518)	997. 997 or more
		998. DK
		999. NA
		000. None; Inap.
518		Bracket total number of organizations contributed to (V517)
	GIVERS	
	0.0	0. None; contributions less than $100
	17.0	1. 1-2 organizations
	36.6	2. 3-5 organizations
	29.1	3. 6-10 organizations
	10.8	4. 11-19 organizations
	1.7	5. 20-29 organizations
	0.9	6. 30 or more organizations
	3.8	9. NA
	99.9 CV=.19	
519		Bracket percent change in contributions (V165, V166)
		Use filter - contributions ≥ 100 (V98 = 1)
	GIVERS	
	8.7	0. Contributions decreased; Inap., no contributions
	20.2	1. Contributions same, or DK, NA change
	9.1	2. Contributions increased 1-14%
	9.6	3. " " 15-24%
	9.2	4. " " 25-30%
	3.6	5. " " 31-40%
	14.6	6. " " 41-75%
	11.5	7. " " 76-100%
	6.3	8. " " 101-997%
	7.4	9. " " DK, NA %
	100.0 CV=.08	

Variable Number	Percent	Content
520		Bracket percent change in income (V199, V200)
	GIVERS	
	13.8	0. Income decreased; Inap., contributions less than $100
	7.5	1. Income same; DK, NA change
	13.7	2. Income increased 1-14%
	13.0	3. " " 15-24%
	13.3	4. " " 25-30%
	6.9	5. " " 31-40%
	9.6	6. " " 41-75%
	0.6	7. " " 76-100%
	6.3	8. " " 101-997%
	13.2	9. " " DK, NA %
	99.5 CV=.13	
		Bracket ratio of major gifts to total gifts (V522)
	GIVERS	
	1.0	0. 0 - 19%
	4.1	1. 20 - 39%
	3.7	2. 40 - 49%
	7.2	3. 50 - 59%
	11.0	4. 60 - 69%
	10.2	5. 70 - 79%
	10.7	6. 80 - 89%
	21.1	7. 90 - 99%
	11.8	8. 100%
	11.0	9. DK, NA (either V130 or V906)
	99.5 CV=.07	
522		Ratio of major gifts to total gifts - $\left(\frac{V906}{V130} \times 100\right)$
	(See V521)	V521 and V522 provide some measure of how well we can describe in detail the respondent's total charitable giving—the higher the ratio, the greater proportion of his total contributions are accounted for by the major gifts we have information about.

Variable Number	Percent GIVERS	Percent ALL	Content
523			Bracket marginal tax rate for charitable contributions (V277) (for itemizers only)
	6.9	4.2	0. Zero
	1.7	1.0	1. 1 - 13%
	3.8	2.3	2. 14 - 20%
	4.8	3.6	3. 21 - 28%
	2.3	1.2	4. 29 - 38%
	0.6	0.4	5. 39 - 49%
	1.6	0.8	6. 50 - 70%
	0.2	0.3	7. 71 - 97%
	50.9	36.6	8. DK, NA
	29.6	50.6	9. Inap.: did not itemize
	100.2	100.0	
	CV=.25	CV=.27	
524			Bracket marginal tax rate for income (V268)
	8.5	11.1	0. Zero
	1.8	1.0	1. 1 - 13%
	5.9	4.7	2. 14 - 20%
	7.2	4.5	3. 21 - 28%
	3.1	1.9	4. 29 - 38%
	0.9	0.5	5. 39 - 49%
	1.3	1.0	6. 50 - 70%
	0.8	1.3	7. 71 - 97%
	70.6	73.2	8. DK, NA
	99.9	100.0	
	CV=.26	CV=.23	
525			How would others react if charitable contributions were not deductible (filers only) (V296, V297)
	21.4	16.3	1. Would give a lot less
	13.8	9.9	2. Would give less
	41.5	44.2	3. Wouldn't make any difference
	0.4	0.4	4. Both; depends
	0.0	0.0	5. Would give more
	18.9	16.5	8. DK, NA reaction
	4.1	12.8	9. Inap., did not file
	100.1	100.1	
	CV=.19	CV=.21	
526			How would respondent react if charitable contributions were not deductible (V298, V299)
	8.1	6.9	1. Would give a lot less
	9.9	6.3	2. Would give less
	75.7	71.1	3. Wouldn't make any difference
	0.0	0.1	4. Both; depends
	0.0	0.0	5. Would give more
	2.3	2.8	8. DK, NA reaction
	4.1	12.8	9. Inap., did not file
	100.1	100.0	
	CV=.19	CV=.20	

Variable Number	Percent GIVERS	Percent ALL	Content
527			Six-point sensitivity index for filers of tax returns
	52.9	54.6	0.
	14.7	11.7	1.
	13.7	10.7	2.
	6.4	4.5	3.
	5.2	4.1	4.
	2.6	2.0	5.
	0.6	0.5	6.
	3.8	12.2	9. Did not file
	99.9	100.1	
	CV=.18	CV=.19	

Points awarded as follows (question numbers in parentheses):

One point if respondent thinks similarly circumstanced individuals would give less if charitable contributions were not deductible; two points for "a lot less" (D39)

One point if respondent would give less if contributions were not deductible; two points for "a lot less" (D40)

One point if respondent says tax reasons would motivate altered giving if a tax credit were introduced (D41b)

One point for tax reasons to a similar question about a matching grant proposal (D42b).

Variable Number	Percent GIVERS	Content
528		Five-point tax sensitivity index for givers only
	94.4	0.
	4.8	1.
	0.7	2.
	0.0	3.
	0.0	4.
	0.0	5.
	0.0	9. Did not give ≥ $100
	99.9 CV=.15	

Points awarded as follows (question numbers in parentheses):

One point if respondent donated appreciated property (C8)

One point if respondent indicated giving is done at end of year (C20)

One point if tax considerations mentioned as reasons for changes in giving to any one of seven questions (C35b, C36b, C38, C40b, C43 or C45)

One point if tax reasons were mentioned as motivating an intention to change the form of giving (C51)

One point if "yes" to "Have you ever considered giving to an organization but decided not to because contributions to that organization were not tax deductible?" (C52)

Variable Number	Percent GIVERS	Content
529		Eleven-point tax sensitivity index for givers and filers
	51.4	0.
	15.7	1.
	13.4	2.
	6.2	3.
	5.0	4.
	3.1	5.
	1.1	6.
	0.3	7.
	0.0	8.
	0.0	9.
	0.0	10.
	3.8	99. Did not give or did not file
	100.0	
	CV=.30	

0.–10.: The sum of the six- and five-point indices (V527 + V528)

Variable Number	Percent	Content
530	(See V531)	Total giving for all people (V130 for those who gave ≥ $100, 000000 for those who gave nothing, V276 for those who gave something but less than $100 and had a number in V276, and assigned 50 for those who gave > 0, < $100 and had no number in V276)
		000000. Nothing

Variable Number	GIVERS	ALL	Content
531			Bracket total giving for all people (V530)
	0.0	12.0	0. Zero
	0.0	1.0	1. $1 - $49
	0.0	33.0	2. $50
	0.0	1.6	3. $51 - $99
	27.4	13.1	4. $100 - $249
	28.1	14.5	5. $250 - $499
	21.3	11.9	6. $500 - $999
	14.2	7.2	7. $1000 - $2499
	6.8	3.5	8. $2500 and over
	2.1	1.2	9. DK, NA (but ≥ $100)
	99.9	100.0	
	CV=.25	CV=.25	

Variable Number	Percent	Content
532	(See V533)	Total giving for all people - alternative (Feldstein) formulation
		V276 for those who had itemized charitable deductions; V130 if V276=0, DK, or NA, and gave ≥ $100; $0 for those who gave nothing; and assigned $50 for those who gave more than $0, less than $100
		000000. Nothing

Variable Number	GIVERS	ALL	Content
533			Bracket total giving Feldstein (V532)
	0.0	12.0	0. Zero
	0.1	1.0	1. $1 - $49
	0.2	33.1	2. $50
	0.3	1.0	3. $51 - $99
	28.2	15.6	4. $100 - $249
	26.5	16.7	5. $250 - $499
	22.7	11.6	6. $500 - $999
	13.4	6.8	7. $1000 - $2499
	6.5	2.3	8. $2500 and over
	2.1	1.1	9. DK, NA (but ≥ $100)
	100.0	100.0	
	CV=.21	CV=.25	

Variable Number	GIVERS		Content
534			Bracket adjusted gross income 1973 (V263)
	7.5		1. $0 - $3999
	11.3		2. $4000 - $7999
	9.9		3. $8000 - $9999
	26.6		4. $10,000 - $14,999
	21.2		5. $15,000 - $19,999
	14.2		6. $20,000 - $29,999
	5.4		7. $30,000 - 49,999
	3.5		8. $50,000 or more
	0.3		9. DK, NA
	99.9	CV=.60	

Variable Number	Percent		Content
535	WIFE		Bracket age of wife (V16)
	0.0		0. No wife
	11.8		1. 18 - 24
	23.6		2. 25 - 34
	20.1		3. 35 - 44
	20.7		4. 45 - 54
	13.6		5. 55 - 64
	7.9		6. 65 - 74
	2.0		7. 75 - 98
	0.6		9. DK, NA
	100.1	CV=.16	
536	GIVERS	ALL	Bracket years lived in neighborhood (V443)
	16.5	22.9	1. Two or less
	14.5	15.8	2. Three to five
	15.9	13.8	3. Six to ten
	22.2	18.3	4. Eleven to twenty
	30.4	28.7	5. More than twenty
	0.5	0.4	9. DK, NA
	100.0	99.9	
	CV=.07	CV=.07	

Variables 537-546 are obtained from:

Table 2 - Counties

U.S. Bureau of the Census. County and City Data Book, 1972
(A Statistical Abstract Supplement)
U.S. Government Printing Office, Washington, D.C., 1973

537 (SRC)ᵃ		STATE CODE, CENSUS BUREAU

ᵃ(SRC) Survey Research Center sample only.

Variable Number			Content
538 (SRC)ᵃ			COUNTY CODE, CENSUS BUREAU
539 (SRC)ᵃ	(See V543)		Percent of families in county with 1969 income $15,000 or more (item 37)
540 (SRC)ᵃ	(See V544)		Percent of families in county with 1969 income below low income level (item 42)
541 (SRC)ᵃ	(See V545)		Per capita local government direct general expenditures (excluding capital outlays in 1967 (item 109)
542 (SRC)ᵃ	(See V546)		Percent of V541 for public welfare (item 112)
543			Bracket percent in county "rich" (V539)
	7.1		1. 0.0 - 1.1
	11.5		2. 1.2 - 1.9
	15.5		3. 2.0 - 2.9
	21.7		4. 3.0 - 3.9
	44.2		5. 4.0 or more
	0.0		9. NA
	100.0	CV=.12	

ᵃ(SRC) Survey Research Center sample only.

Variable Number	Percent	Content
944		Bracket percent in county "poor" (V940)
	63.1	1. 0.0 - 9.9
	15.0	2. 10.0 - 14.9
	6.3	3. 15.0 - 19.9
	11.5	4. 20.0 - 29.9
	4.2	5. 30.0 or more
	0.0	9. NA
	100.0 CV=.16	
945		Bracket local expenditures per capita (V941)
	30.5	1. $ 0 - $149
	21.0	2. $150 - $199
	10.3	3. $200 - $224
	20.4	4. $225 - $299
	18.8	5. $300 or more
	0.0	9. NA
	100.0 CV=.11	
946		Bracket percent of local expenditures for welfare (V942)
	30.1	1. 0.0 - 0.4
	19.3	2. 0.5 - 1.9
	13.0	3. 2.0 - 3.9
	14.0	4. 4.0 - 9.9
	20.7	5. 10.0 or more
	0.0	9. NA
	100.0 CV=.10	

Variable Number	Content

[illegible] — The Tax Variables

These variables were constructed from information contained in:

1) V17 - Total People in Household
2) V21 - Total Unrelated People in Household
3) V934 - Number of Outside Dependents
4) V15 - Age of Head
5) V16 - Age of Wife
6) V280 - Adjusted Gross Income Bracket
7) V274 - Itemization Status
8) Tax Schedules for 1973
9) Internal Revenue Service, Statistics of Income - 1973, Individual Income Tax Returns, Washington, D.C., 1975 (advance copy of Tables 1.1, 2.1, 3.8)
   - a) Mean Income within AGI brackets
   - b) Mean Total Deductions within AGI brackets
   - c) Mean Charitable Deductions within AGI brackets

Exemptions were computed as V17-V21+V934 plus special exemptions for head and/or wife 65 or older.

Except for V947 where the standard deduction was used for all respondents, the mean deductions within the AGI brackets was used for itemizers, the standard deduction for non-itemizers. Those who answered "don't know" or "refuse" to the itemization question were treated as non-itemizers in the SRC sample and itemizers in the Census sample.

The selection of tax schedules was "single" for one-person households, "married, joint" for households with both husband and wife, and "head of household" for all others. Because of the impossibility of separating income the "married, separate" table was not used even for the 28 Census respondents who indicated they did file separately.

The tables were entered two different times with two different taxable income figures yielding two marginal tax rates and also tax amounts.

947 Marginal tax rate - minimum: rate applicable to top of income bracket (V280) minus standard deduction minus exemptions

Variable Number	Content
548	Marginal tax rate - first dollar, top: rate applicable to top of income bracket minus average deduction (from [illegible], [illegible]) minus exemptions plus own giving
549	Tax - first dollar, top income
550	Marginal tax rate - first dollar, mean income within bracket (from [illegible])
551	Tax - first dollar, mean income
552	Marginal tax rate - first dollar, bottom of bracket
553	Tax - first dollar, bottom of bracket
554	Marginal tax rate - average dollar, bracket top: rate applicable to top of income bracket minus average deduction minus exemptions plus average giving for income class (from [illegible])
555	Tax - average dollar, bracket top
556	Marginal tax rate - average dollar, bracket mean
557	Tax - average dollar, bracket mean
558	Marginal tax rate - average dollar, bracket bottom
559	Tax - average dollar, bracket bottom
560	Marginal tax rate - last dollar, bracket top: rate applicable to top of income bracket minus average deduction minus exemptions
561	Tax - last dollar, bracket top
562	Marginal tax rate - last dollar, bracket mean
563	Tax - last dollar, bracket mean
564	Marginal tax rate - last dollar, bracket bottom
565	Tax - last dollar, bracket bottom

Variable Number	Percent	Content
506		**Modified Total 1973 Income** (See Appendix II, page for a detailed description)
	1.9	01. 1-999 (SBC)
	3.5	02. 1000-1999 (SBC)
	10.0	03. 2000-3999 (SBC)
	18.0	04. 4000-7999 (SBC)
	12.5	05. 8000-9999 (SBC) 1-9999 (CENSUS)
	22.0	06. 10,000-14,999
	15.0	07. 15,000-19,999
	9.6	08. 20,000-29,999
	3.2	09. 30,000-49,999
	1.2	10. 50,000-99,999
	0.2	11. 100,000-199,999
	0.0	12. 200,000-499,999
	0.0	13. 500,000-999,999
	0.0	14. 1,000,000 and up
	0.0	99. NA, DK
	99.9	
507		**Weights for Estimating Aggregates** (See Appendix II for a detailed description)

APPENDIX IV

ATTACHMENT I

Types of Organizations Receiving Contributions

01. Religious – churches and church groups

02. Combined appeals *or multiple functions* – United Way/Appeal, Givers Fund/Foundation, American Friends Service, United Jewish Appeal, Catholic Charities, Community Chest

03. Community activities and services – youth groups, child and family service organizations, YM/YWCA, Kiwanis, Vets Administration, VFW, fire, ambulance, police, zoo, Boys Town, band parents, Grange, Masons, Big Brother

04. Health and medical (including mental) – research and prevention, March of Dimes, Planned Parenthood, Alcoholics Anonymous, crisis centers*

05. Higher education – colleges or universities, or "education" alone

06. Elementary and secondary education – including religious schools, school board, "schools"

07. Social welfare – helping the poor or disadvantaged: Salvation Army, Aid to Blind, Goodwill, food, home for mentally retarded

08. Cultural arts, humanities, symphony, theater, ballet, museums, public TV

09. Public affairs (other than code 10) – human rights, consumer information, League of Women Voters, Legal Aid, ACLU, minorities

10. Environment, conservation, etc. – Sierra Club, Audubon, Animals, Humane Society

HIGH PRIORITY (not order of mention but within mention) →

11. International – relief, peace, project Hope, Red Cross; UNICEF

12. Private foundation or trust

27. Other charitable

28. Noncharitable – political and political parties (including contributions to candidates)

29. Noncharitable – other: Common Cause, Public Citizen (Nader's Raiders), National Rifle Association, Chamber of Commerce, trade associations, Israel bonds, fraternities and sororities

98. DK

99. NA

00. Nothing, Inap., no further mentions

*When coding 04 versus 07 (aid to disadvantaged): where the aid is vocational or an income transfer, code 07; where the aid is essentially medical (as aid to crippled children), code 04; borderline or mixed cases are coded 04.

APPENDIX IV

ATTACHMENT II

Reasons for Increasing or Decreasing Giving

01. Changed family income; had more to give

02. Changed family needs – child enters college, divorce, retirement, etc.

03. Family touched by or benefits from organization, e.g., "Son goes to college there," "Son suffered from that disease."

04. *Changed* interest, involvement, or participation in organization other than 03

05. "Given enough already."

06. Changed needs of organization

07. New or better information about organization, e.g., "Found out Bo Town was rich," or "Found out they were very successful in helping the poor."

08. Pressure at work or from organization

09. Inflation

HIGH PRIORITY – 10. Tax reasons

LOW PRIORITY – 16. It's our favorite charity; we feel obliged to; we believe in it

17. Other family-based reasons

18. Other external reasons or forces

19. Other – can't tell whether 17 or 18

98. DON'T KNOW

99. NA

00. Inap.

APPENDIX IV

ATTACHMENT III

The State and Country Code

UNITED STATES

New England:

01. Connecticut
02. Maine
03. Massachusetts
04. New Hampshire
05. Rhode Island
06. Vermont
09. General mention of area; two or more states in area

Middle Atlantic:

11. Delaware
12. New Jersey
13. New York
14. Pennsylvania
18. General mention of area; two or more states in area
19. *East;* mention of states in *both* New England *and* Middle Atlantic areas

East North Central:

21. Illinois
22. Indiana
23. Michigan
24. Ohio
25. Wisconsin
29. General mention of area; two or more states in area

West North Central:

31. Iowa
32. Kansas
33. Minnesota
34. Missouri
35. Nebraska
36. North Dakota
37. South Dakota
38. General mention of area; two or more states in area
39. *Midwest;* mention of states *in both* East North Central and West North Central areas

Solid South:

41. Alabama
42. Arkansas
43. Florida
44. Georgia
45. Louisiana
46. Mississippi
47. North Carolina
48. South Carolina
49. Texas
40. Virginia
57. General mention of area; the South; two or more states in area

Border States:

51. Kentucky
52. Maryland
53. Oklahoma
54. Tennessee
55. Washington, D.C.
56. West Virginia
58. General mention of area; two or more states in area
59. *South;* mention of states in *both* Solid South *and* Border States areas

Mountain States:

61. Arizona
62. Colorado
63. Idaho
64. Montana
65. Nevada
66. New Mexico
67. Utah
68. Wyoming
69. General mention of area; two or more states in area

Pacific States:

71. California
72. Oregon
73. Washington
71. General mention of area; two or more states in area
79. *West;* mention of states in *both* Mountain States *and* Pacific States areas

External States:

80. Alaska
81. Hawaii
82. *External Territories of the United States:*
Puerto Rico
American Samoa, Guam
Panama Canal Zone
Trust Territory of the Pacific Islands
Virgin Islands
Other United States Dependencies

WESTERN HEMISPHERE (except United States)

North America:

83. Canada
84. Mexico
85. Central America
86. *West Indies* (except Puerto Rico and Virgin Islands):
    Barbados
    Cuba
    Dominican Republic
    Haiti
    Jamaica
    Netherlands Antilles
    Trinidad and Tobago
    Islands of Lesser Antilles – except Virgin Islands and Netherlands Antilles
    West Indies – except Puerto Rico and Virgin Islands or "Caribbean" – Reference to two or more West Indian countries
87. *South America*

EUROPE

88. *British Isles:*
    England
    Ireland (NA North or South); southern Ireland
    Scotland
    Wales
    North Ireland (Ulster)
    Scot-Irish
    United Kingdom, Great Britain
    "British Isles"; General mention of area. Reference to two or more countries of the British Isles
89. *Europe:*
    Austria
    Belgium
    France
    Federal Republic of Germany (W. Germany)
    German Democratic Republic (E. Germany)
    Germany, NA East or West
    Greece
    Italy
    Luxembourg
    Portugal
    Malta or Gozo
    Netherlands; Holland
    Spain
    Switzerland
    "Europe"; General mention of area. Reference to two or more countries of Europe
90. *Scandinavia:*
    Denmark
    Finland
    Norway
    Sweden
    Iceland
    General mention of area of Western Europe and/or Scandinavia and/or British Isles and/or Mediterranean countries and/or Greece; reference to two or more countries in different areas listed above
91. *Eastern Europe:*
    Albania
    Bulgaria
    Czechoslovakia (Slavik)
    Estonia
    Hungary
    Latvia
    Lithuania
    Poland
    Rumania
    Russia (or U.S.S.R.)
    Ukraine
    Yugoslavia
    "Eastern Europe"; General mention of area. Reference to two or more countries of Eastern Europe
92. *Asia* (except Near East):
    Afghanistan
    India
    Pakistan
    Southeast Asia – Indochina, Thailand, Malaya, Burma, Philippines, Indonesia
    China (Mainland)
    Taiwan, Formosa
    Japan
    Korea
    "Asia"; General mention of area. Reference to two or more countries of Asia
93. *Near East:*
    U.A.R.
    Iran
    Iraq
    Israel (or Palestine), Jewish
    Jordan
    Lebanon
    Saudi Arabia
    Syria
    Turkey
    "Near East," "Middle East"; General mention of area. Reference to two or more countries of Near East
94. *Africa* (except Egypt):
95. *Oceania:*
    Australia, New Zealand, Tasmania

Make a card

97. Other (combinations) not codeable elsewhere
98. DK
99. NA

APPENDIX IV

ATTACHMENT IV

The Occupation and Industry Codes

The 3-digit occupation codes (V231, V240, V246, and V481) and the 3-digit industry codes (V233-SRC, V242-SRC and V248-SRC) are described in:

> U.S. Bureau of the Census, *1960 Census of Population, Alphabetical Index of Occupation and Industries* (Revised Edition), U.S. Government Printing Office, Washington, D.C., 1960.

The 2-digit occupation codes (V232-CEN, V241-CEN, V247-CEN and V482-CEN) are also in the above volume but are reproduced below for convenience. Numbers in parentheses are the corresponding 1-digit occupation codes enumerated in the body of this appendix (V232-SRC, V241-SRC, V247-SRC and V448-SRC).

Census 2-digit Occupation Code

01	(1)	Engineers, technical
02	(1)	Medical and other health workers
03	(1)	Teachers, elementary and secondary schools
04	(1)	Other professional, technical and kindred workers
05	(8)	Farmers and farm managers
06	(2)	Salaried managers, officials and proprietors
07	(3)	Self-employed in retail trade
08	(3)	Self-employed other than retail trade
09	(4)	Secretaries, stenographers and typists
10	(4)	Other clerical and kindred workers
11	(4)	Sales workers
12	(5)	Construction craftsmen
13	(5)	Mechanics and repairmen
14	(5)	Metal craftsmen, except mechanics
15	(5)	Other craftsmen
16	(6)	Drivers and deliverymen
17	(6)	Other operatives, except not else classified
18	(6)	Other operatives, not else classified
19	(7)	Private household workers
20	(7)	Protective service workers
21	(7)	Waiters, cooks and bartenders
22	(7)	Other service workers
23	(8)	Farm laborers and farm foremen
24	(7)	Laborers, except farm and mine
25	(7)	Laborers, except farm and mine, not else classified
26	(9)	Members of the armed forces
99	(9)	NA (Occupation not reported)
00	(0)	Not in labor force; e.g. housewife, student, retired, etc.

2-digit Industry Codes

(V233-CEN, V242-CEN, V248-CEN and V483-CEN)

01	Agriculture
02	Mining
03	Construction
04	Manufacturing
25	Railroads and railway express
26	Other transportation
27	Tele-communications
28	Other public utilities
29	Wholesale
30	Eating and drinking places
31	Other retail
32	Private household service
33	Banking and other finance
34	Insurance and real estate
35	Business services
36	Repair services
37	Personal services
38	Entertainment and recreation
39	Medical, except hospitals
40	Hospitals
41	Welfare and religious
42	Educational services
43	Other professional services
44	Forestry and fisheries
45	Postal
46	Other federal
47	State
48	Local

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1. Statisticians will recognize the fact that if one believed that all the explanatory haracteristics were at the same level of causation, this method would produce downward biased stimates of everything used in the second stage (analysis of the residuals), the bias in roportion to the amount of correlation between the characteristic in question and the variables sed to derive the residuals (income, age, or education). See J. Morgan, "Consumer Investment xpenditures," *American Economic Review* 48 (December, 1958) pp. 874-902, and A. oldberger, "A Note on Stepwise Least Squares," *Journal of the American Statistical ssociation* 56 (March 1969) pp. 105-110.

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EMPLOYMENT AND EARNINGS IN THE NONPROFIT CHARITABLE SECTOR

T. Nicholaus Tideman[†]

Introduction

The U.S. economy is organized predominantly as a private profit-making enterprise system. This organizational form has important implications for financing of activities, for incentives for managers to be efficient and innovative, and for the process of wage determination through collective bargaining. In each of these dimensions the profit orientation provides a foundation for our understanding of economic institutions. Thus the presence in our economy of a sizable sector of organizations that provide charitable services (broadly defined) on a *nonprofit* basis raises a number of questions about the structure of these charitable organizations.

If the nonprofit charitable sector represented an inconsiderable fraction of economic activity in this country, the possible anomalies of the charitable form might be dismissed as unimportant in the total pattern. But such is not the case. I estimate that

- wage and salary employment in the nonprofit charitable sector in 1974 was 4.6 million workers;
- these workers accounted for 5.2 percent of all workers employed;
- nonprofit charitable institutions employ 16 percent of all professional workers, 10 percent of service workers, and 5 percent of clerical workers;
- charitable sector employment has been growing faster than total employment;
- earnings in the charitable sector totaled $25 billion in 1972, or 4 percent of the total U.S. wage bill;
- charitable sector employees earn less-than-average incomes.

These data suggest that the structure of nonprofit institutions and the implications for the U.S. economy of a growing nonprofit sector deserve serious consideration.

Structure of the Nonprofit Sector

The charitable sector has not been the subject of extensive economic research, so there is an unusual amount of freedom in defining the sector. I would suggest that the definition in section 170(c)(2) of the Internal Revenue Code, which describes the principal class of organizations that may receive tax-exempt contributions, is a good description of what we commonly mean by a "charitable organization":

> A corporation, trust, or community chest, fund, or foundation . . . organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes or for the prevention of cruelty to children or animals . . .

This definition is also used in section 501(c)(3) to describe one class of organizations exempt from the corporate income tax and is referred to in section 642(c) in connection with the charitable exemption of the estate tax.

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Accepting this definition, where does one find charitable organizations in the economy? Looking at the Standard Industrial Classification (SIC) three-digit code of activities, the following ones are readily identifiable as components of the nonprofit charitable sector:

806	Hospitals
821	Elementary and secondary education
822	Colleges and universities
823	Libraries
866	Religious organizations
867	Welfare
892	Nonprofit research

The collection of nongovernmental organizations in the above activity areas would closely approximate the nonprofit charitable sector. Activities that may be charitable but are not listed above would be principally cultural activities (such as opera, theater, museums) which cannot be segregated in the available statistics from the profit-oriented ventures in the same general areas.

The gifts that charitable organizations receive permit them to provide services without payment (welfare organizations), with optional payment (churches), or with payments that do not cover total costs (colleges, universities, and cultural organizations). This makes the services of these organizations more widely available, but the continued availability is contingent upon renewed gifts. For a variety of reasons we have not wanted to turn these activities over entirely to government, so we are left relying on the charitable impulses of individuals. When contributions slacken, or when costs rise, there is a financial crisis for a charitable organization.

Profit-oriented firms experience similar crises, but there are important differences in the applicability of remedies. If a private firm raises its prices in response to a financial squeeze, its sales can be expected to decline, but its financial health may improve. The lower output will involve a lower level of costs. And if it should happen that there is no price at which it is possible for a profit-oriented firm to cover its costs, we say that the activity is uneconomical, and the people engaged therein are expected to find something else to do.

The options of a charitable organization in a financial squeeze are not as simple. It may be possible to maintain services without raising prices, despite a cost increase, by raising additional gifts. But donors must be persuaded to raise their contributions. And if prices are increased, there is a possibility that gifts will fall off because the availability of the service, which is part of the attraction that motivates giving, will be reduced. In any event, if service maximization rather than revenue maximization is the organizational goal, the pricing calculus will be different.

If the organization is one that obtains all of its operating income from an endowment, and thus has no need to charge prices, this independence will insulate it from any necessity that its activities be currently valued by anyone. For instance, a foundation set up 50 years ago to save pidgeons from starvation may continue to feed pidgeons whether or not anyone today feels that the activity has any value. The financial independence that permits an organization to do valuable things without charging anyone also permits it to do worthless things without interruption.

The incentive for efficiency in profit-oriented firms comes from the fact that the persons who are responsible for directing production are "residual claimants." They receive what is left of income after expenses are paid, so that they receive the gains of efficient innovations and bear the losses of poor ones. While entrepreneurs never succeed in entirely eliminating waste from their organizations, they always have a motive for further efforts, as well as an opportunity to sell their businesses to others who may buy them precisely for the purpose of "turning them around" – making them more efficient.

A nonprofit organization, on the other hand, has by definition no residual claimant. There is an incentive for efficiency arising from the mutual desire of the members of a voluntary organization to accomplish their purposes better, but the incentive is highly diffuse. The concentrated financial incentive of entrepreneurship is absent.

It has recently been suggested by Pauly and Redisch that this power vacuum in nonprofit institutions is likely to be filled by having effective control that reflects the interests of the professionals in the nonprofit institution. (Mark P. Pauly and Michael R. Redisch, "The Not-For-Profit Hospital as a Physicians' Cooperative," *American Economic Review* (March 1973), Vol. 63, pp. 87-99.) Thus hospitals may be viewed as cooperative enterprises of doctors, universities as cooperative enterprises of professors, and museums and theaters as organizations of curators and actors, respectively. Doctors have an incentive to see that hospitals are run efficiently because that increases the demand for their services. If hospital costs can be cut, there will be fewer complaints about high doctor bills. Professors, curators, and actors have similar incentives.

One indication of the emergence of this pattern appears in connection with collective bargaining agreements in the arts, as reported by H.R. Faine. (Hyman R. Faine, "Unions and the Arts," *American Economic Review* (May 1972), Vol. 62, pp. 70-77.) In private enterprise, lower wages mean higher profits, and struggles over wage levels are conducted under threat of the mutual losses that will result from the shutdown associated with a strike or lock-out. In a museum or opera company, on the other hand, a shutdown will generally lower the deficit, so a strike is not as effective a threat. And a wage increase cannot be extracted from profits because there aren't any.

But strikes in the arts have occurred and have produced wage increases obtained from trustee promises of higher contributions and greater efforts to secure government subsidies. In this process the management of nonprofit institutions becomes less the employer of and more the spokesman for the professional employees.

Size and Occupational Composition of the Nonprofit Sector

How large is this organizationally unusual sector of our economy? An estimate of wage and salary employment in the nonprofit charitable sector may be made from Bureau of Labor Statistics estimates of the numbers of workers in those Standard Industrial Classification codes that are substantially or wholly nonprofit. (See Table 1.)

All public employees are excluded by BLS from the estimates of employment by SIC code. For purposes of our estimate of the charitable sector it is assumed that all workers in these sectors who are not public employees are employees of charitable organizations, except for hospitals, where information from the American Hospital Association is used to distribute private workers between charitable and proprietary hospitals. The assumption that all other private workers in these sectors are employed by charitable organizations is certainly imperfect: A few libraries and colleges, for example, are proprietary. But these errors tend to be offset by understatements of charitable employment that result from the exclusion of employees of organizations such as the American Civil Liberties Union and nonprofit opera companies, theaters, and museums. One can only hope that these errors are reasonably offsetting. The exclusion of all public activity from the estimate could be questioned, since some public institutions, such as state universities and the Smithsonian Institute, receive considerable income in contributions.

The employment estimates presented in Table 1 come from the Bureau of Labor Statistics' publication, *An Outline of Estimating Methods and Series Available.* An alternative source would have been *County Business Patterns*, published by the U.S.

Census Bureau, but those data lack about 900,000 workers for religious, educational, and charitable organizations not covered by Social Security.

TABLE 1
Employment in the Charitable Sector
(in thousands of workers)

Component	March 1970	March 1972	March 1974
Hospitals	1,719.0	1,870.0	2,024.0
Elementary and secondary education	395.1	404.8	434.1
Colleges and universities	680.2	680.9	715.5
Libraries	14.4	15.6	19.2
Religious organizations	956.2	960.0	960.0
Welfare	277.3	296.0	341.4
Nonprofit research	106.5	110.1	122.8
Charitable Total	4,148.7	4,337.4	4,617.0
U.S. – Total	83,273.0	85,598.0	88,947.0
Charitable as % of U.S.	4.98%	5.07%	5.19%

As the numbers show, charitable employment has been growing faster than employment as a whole, at a rate of about 2.7 percent per year, compared with 1.7 percent for total employment.

Employees in the charitable sectors have generally earned less-than-average incomes. The data on earnings shown in Table 2 came from *County Business Patterns*. If one assumes that the employees covered by the data in *County Business Patterns* are representative of those who are not covered, then the following earnings figures by sectors can be developed:

TABLE 2
Earnings in the Charitable Sector[a]

Component	Earnings per Worker (dollars per year)		Aggregate Earnings (in millions of dollars)	
	March 1970	March 1972	March 1970	March 1972
Hospitals	$ 5,218	$ 6,202	$ 8,970	$11,598
Elementary and secondary education	4,503	4,905	1,779	1,986
Colleges and universities	7,180	8,342	4,884	5,680
Libraries	4,560	5,394	66	84
Religious organizations	3,309	3,560	3,164	3,418
Welfare	4,798	5,261	1,330	1,557
Nonprofit research	8,572	9,658	913	1,063
All Charitable	$ 5,087	$ 5,853	$21,106	$25,386
U.S. – Total	$ 6,586	$ 7,452	$548,440	$637,880
Charitable as % of U.S.	77.24%	78.54%	3.85%	3.98%

[a] The earnings estimates for the sectors are obtained by multiplying earnings per worker in the sector from *County Business Patterns* by the numbers of workers reported in Table 1. The U.S. totals are obtained in the same way. Total values of earnings per worker are then obtained as total earnings divided by total workers.

If one were to ask why the wage bill of charitable organizations is rising, the answer would have to be primarily because wages are rising generally. In Table 3 the percentage increase between 1970 and 1972 in the wage bill of each component of the charitable sector is presented along with the percentage increases that can be accounted for by higher employment, higher average wages, and differentially greater wage growth.

TABLE 3
Earnings Growth Between 1970 and 1972

Component	Total % Increase	Due to Higher Employment	Due to Higher Average Wages	Due to Differential Wage Growth	Due to Compounding of Effects
Hospitals	29.3%	8.8%	13.1%	5.0%	2.4%
Elementary and secondary education	11.6	2.5	13.1	− 3.7	− 0.3
Colleges and universities	16.3	0.1	13.1	2.7	0.4
Libraries	27.3	8.3	13.1	4.5	1.4
Religious organizations	8.0	0.4	13.1	− 4.9	− 0.6
Welfare	17.1	6.7	13.1	− 3.1	0.4
Nonprofit research	16.4	3.4	13.1	− 0.4	0.3
Total	20.3%	4.5%	13.1%	1.7%	1.0%

Data from the 1970 Census of Population were used to estimate the occupational composition of the charitable sector. A sample of the population was asked to report their occupation and industry. The classification by industry is not consistent with that of the Bureau of Labor Statistics, partly because BLS classifies an employer's entire operations while the Census classifies each individual's work. In addition, the Census total for the charitable sector in 1970 is about 350,000 lower than the BLS total, though 100,000 of this can be explained by the absence of an isolatable nonprofit research sector in the Census data.

The Census employment total is considerably lower than the BLS total because BLS counts moonlighting workers twice, while Census counts them only once.

Table 37 in the Census volume PC (2) 7B, *Industrial Characteristics*, separates private from public employees by sector. These numbers were used to obtain Census estimates of the various charitable areas. The occupational structure of each area was then estimated by distributing the employment numbers over occupations in the same manner as the sum of public and private employment in Table 8 of the Census volume PC (2) 7C, *Occupation by Industry*. The result is shown here in Table 4.

The assumption that private employment in a sector has the same occupational distribution as public employment in the sector would undoubtedly be untenable in some instances, but available data offer no alternative that is clearly superior.

TABLE 4
Estimated Occupational Structure of the Charitable Sector of the U.S. Economy
(in thousands of workers)

	Hospitals	Elementary and Secondary Education	College, University, Libraries	Religious Organizations	Welfare	Charitable Total	United States Total	Charitable as % of U.S.
All workers	1,703.1	797.3	669.7	469.0	137.0	3,776.1	76,554	4.9%
Professional, technical, and kindred workers	628.9	523.0	309.4	279.2	60.9	1,801.4	11,351	15.9
Accountants	5.5	.8	3.2	1.0	1.0	11.5	704	1.7
Computer specialists	1.7	.3	4.8	.1	.2	7.1	255	2.8
Engineers	2.2	.3	3.8	.7	.2	7.2	1,207	0.6
Lawyers	.1	.1	.4	.1	.5	1.2	260	0.5
Librarians, archivists, and curators	.4	8.8	18.3	1.1	.1	28.7	129	22.3
Personnel and labor relations workers	4.5	.7	2.3	.4	1.1	9.0	291	3.1
Physicians, dentists, and related practitioners	65.5	.2	2.9	.4	.2	69.2	539	12.8
Registered nurses, dietitians, and therapists	400.8	7.5	3.9	1.0	2.1	415.3	945	43.9
Religious workers	1.7	.3	.9	236.4	1.0	240.3	254	94.7
Social and recreation workers	10.9	3.[illegible]	1.8	2.5	50.0	68.3	266	25.7
Scientists and mathematical specialists	10.5	1.6	8.8	.4	.6	21.9	346	6.3
Teachers, college and university	--	--	194.3	--	--	194.3	486	40.0
Teachers, except college and university	6.8	485.6	2.0	4.2	1.2	499.8	2,742	18.2
Technicians and technologists	109.8	.6	20.8	1.5	.4	133.1	1,218	10.9

TABLE 4 (continued)

Vocation and educational counselors	.5	11.3	10.6	1.2	.4	24.0	107	22.4
Writers, artists, and entertainers	2.5	1.1	9.5	27.3	1.0	41.4	754	5.5
Research workers, not specified	2.1	.2	16.5	.2	.3	19.3	116	16.6
Other professional workers	3.4	.5	4.6	.7	.6	9.8	732	1.3
Managers and administrators	40.8	42.0	31.7	4.2	9.8	128.5	6,371	2.0
Sales workers	2.6	.7	2.0	1.0	1.4	7.7	5,175	0.1
Clerical and kindred workers	258.7	82.4	185.3	89.0	38.0	653.4	13,748	4.8
Craftsmen and kindred workers	37.6	11.1	21.0	4.1	2.1	75.9	10,610	0.7
Operatives, except transport	36.4	.9	8.5	2.3	2.3	50.4	10,499	0.5
Operatives, transport	5.1	2.8	2.4	.7	1.3	12.3	2,958	0.4
Laborers, except farm	11.6	3.1	9.1	3.6	1.6	29.0	3,431	0.8
Service workers	681.4	130.0	100.4	84.9	19.8	1,016.5	9,774	10.4
Farmers and farm workers	--	--	--	--	--	--	2,367	0.0

RECENT TRENDS IN THE NOT-FOR-PROFIT SECTOR

Dale L. Hiestand[†]

Introduction

This report updates the material on the scale and scope of the not-for-profit ctor originally published in 1965 in *The Pluralistic Economy* (by Eli Ginzberg, ale L. Hiestand, and Beatrice Reubens, New York: McGraw-Hill). Since that origi-l analysis, the U.S. Department of Commerce, which publishes the basic data, has tered somewhat the definition of several aggregates used in current reporting and s revised all prior data to conform to the new definitions. To maintain internal nsistency, this report uses both the older and the more recent data according to e current definitions. The data presented here are therefore not precisely compara-e to those in *The Pluralistic Economy*.

The earlier publication provided, wherever possible, data for 1929, 1940, 1950, 960, and 1963; this report omits data prior to World War II and reports for 1950, 960, 1970, and 1973. The original data permitted the use of a category labeled onprofit businesses," which included mutual financial institutions, producers' and nsumers' cooperatives, trade associations, and the like. The U.S. Department of ommerce no longer reports on these units separately, but combines them with aditional businesses, that is, corporations. Nor do the current data permit separate porting for so-called government businesses, which generally include those agencies hose operating costs are covered in full or at least to a substantial extent by the le of goods and services, such as the post office, public power systems, state quor stores, and municipal waterworks. Also, the Department of Commerce now cludes from the nonprofit sector the research and development activities of uni-ersities and other nonprofit institutions that are financed by government contracts, though they are still counted as purchases by government from the private sector.

It is not possible to indicate clearly the current effect of the conceptual revisions oted above. The data for 1960 indicate that each of the three omissions – for onprofit businesses, government businesses, and nonprofit research and develop-ent on government contract – ran to approximately 1 percent of gross national roduct, or a total of some 3 percent.

As used in the present analysis, the not-for-profit sector includes only two types organizations: (1) general government and (2) nonprofit institutions. General gov-rnment includes all those federal, state, and local civil and military organizations hat are wholly or primarily tax supported, although they may charge fees which over the lesser part of their costs, as in the case of veterans' hospitals and public niversities. Nonprofit institutions include private, voluntary, or religious universi-es, colleges, schools, hospitals, and social and athletic clubs, as well as charitable, elfare, labor, and religious organizations.

Expenditures of the Not-For-Profit-Sector

If we consider only payments for goods and services, as in Tables 1 and 2, we e that the not-for-profit sector's total expenditures increased from $45 billion in 950 to $340 billion in 1973, or from 16 percent to 26 percent of the gross nation- product. This does not include governmental interest payments, which are ounted by the Department of Commerce as transfer payments. Nor do the govern-

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mental expenditures include payments for pensions, social security, or welfare. However, to the extent that governmental expenditures for the benefit of individuals ar funneled through nonprofit institutions, such as Medicare, Medicaid, scholarship traineeships, and the like, they are included in the figures for nonprofit institution

TABLE 1

Expenditures of General Government and Nonprofit Institutions as Part of Gross National Product, 1950-1973

	1950	1960	1970	1973
		(in millions of dollars)		
Gross national product	$284,769	$503,734	$977,080	$1,294,919
General government	37,900	99,621	219,531	276,378
Employee compensation	20,884	47,483	114,717	148,468
Purchases from private sector	17,016	52,138	104,814	127,910
Nonprofit institutions	7,162	15,242	43,959	63,736
Employee compensation	3,865	9,438	25,950	36,111
Purchases from private sector	3,297	5,804	18,009	27,625
Sum: General government and nonprofit institutions	$ 45,062	$114,863	$263,490	$ 340,114

Source: Based on data from U.S. Department of Commerce and American Hospital Association.

TABLE 2

Purchases of Goods and Services by General Government and Nonprofit Institutions as a Percent of Gross National Product, 1950-1973

	1950	1960	1970	1973
		(Percent of GNP)		
Gross national product	100.0%	100.0%	100.0%	100.0%
General government	13.3	19.8	22.5	21.3
Employee compensation	7.3	9.4	11.7	11.5
Purchases from private sector	6.0	10.4	10.7	9.9
Nonprofit institutions	2.5	3.0	4.5	4.9
Employee compensation	1.4	1.9	2.7	2.8
Purchases from private sector	1.2	1.2	1.8	2.1
Sum: General government and nonprofit institutions	15.8%	22.8%	27.0%	26.3%

Source: Based on Table 1, supra.

Figures may not add because of rounding.

As Tables 1 and 2 show, the expenditures of private nonprofit institution increased from $7.2 billion to $63.7 billion between 1950 and 1973, or from 2.5 t 4.9 percent of the gross national product. The general government sectors' expenditures increased from $37.9 billion to $276.4 billion, or from 13.3 to 21.3 percen of gross national product.

Both government and nonprofit institutions divide their expenditures in a characteristic pattern: Roughly 55 percent has gone for employee compensation and 4 percent for supplies, services, and construction purchased from the private secto Only in 1960 was the pattern different: in that year the proportion spent on purchases from the private sector was higher than usual in government and lower tha usual in nonprofit institutions.

The previous trends are repeated again if one counts only employee compensaion, as in Table 3. Between 1950 and 1973, the proportion of all payrolls and ther employee costs incurred directly by the not-for-profit sector increased from 6.0 percent to 23.5 percent. Nonprofit institutions nearly doubled their relative mportance, increasing from 2.5 to 4.6 percent of all employee compensation, while eneral government increased its share from 13.5 to 18.9 percent, or by half again.

TABLE 3

Compensation of Employees in General Government and Nonprofit Institutions Compared with Total National Employee Compensation, 1950-1973

	1950	1960	1970	1973
		(in millions of dollars)		
Total national employee compensation	$154,571	$294,226	$603,869	$785,983
General government	20,884	47,483	114,717	148,468
Nonprofit institutions	3,865	9,438	25,950	36,111
Sum	$ 24,749	$ 56,921	$140,667	$184,579
		(as percent of total)		
General government	13.5%	16.1%	19.0%	18.9%
Nonprofit institutions	2.5	3.2	4.3	4.6
Sum	16.0%	19.3%	23.3%	23.5%

Source: Based on Table 1, supra.

Employment in the Not-For-Profit Sector

When the comparison is cast in terms of number of employees, rather than in money flows, as in Table 4, the not-for-profit sector as a whole is not as large a proportion of the total, but the increase has been at essentially the same rate. The employees of the not-for-profit sector accounted for 14 percent of all employees in 1950 and for 22 percent in recent years. These somewhat lower proportions than in the preceding money-flow comparisons reflect the fact that governments generally tend to employ relatively high-paid workers.

Nonprofit institutions — unlike the general government component of the not-for-profit sector — have consistently accounted for a higher proportion of all employees in the country than they have of employee compensation and other expenditures. In other words, income per worker in nonprofit institutions has consistently been less than the national average. Thus, while the relative importance of nonprofit institutions in total gross national product and employee compensation grew from 2.5 to nearly 5 percent between 1950 to 1973, nonprofit institutions accounted for 3 percent of all employees in 1950 and nearly 6 percent in 1973.

TABLE 4

Employment in General Government and Nonprofit Institutions, 1950-1973

	1950	1960	1970	1973
	(in thousands, fulltime equivalent)			
Total national employment	59,115	65,831	79,899	84,691
General government	6,650	9,450	13,158	13,388
Nonprofit institutions	1,772	2,798	4,383	4,977
Sum	8,422	12,248	17,541	18,365
	(as percent of total)			
Total national employment	100.0%	100.0%	100.0%	100.0%
General government	11.2	14.4	16.5	15.8
Nonprofit institutions	3.0	4.3	5.5	5.9
Sum	14.2%	18.6%	22.0%	21.7%

Source: Based on data from U.S. Department of Commerce and American Hospital Association.

Figures may not add because of rounding.

There is inadequate information to account fully for this rapid growth in employment in nonprofit institutions. As Table 5 shows, nonprofit hospitals have tripled their employment between 1950 and 1973, from 0.5 million to over 1.5 million. Employment in nonprofit membership organizations has only doubled, from 0.7 million to 1.5 million. The major increase has been in the residual, from under 0.6 million to 1.9 million, but this cannot be allocated among educational and other types of nonprofit institutions.

TABLE 5

Direct Employment in Nonprofit Institutions, 1950-1973

	1950	1960	1970	1973
	(in thousands, fulltime equivalent)			
Total national employment	59,115	65,831	79,899	84,691
Nonprofit institutions, total	1,772	2,798	4,343	4,977
Hospitals	502	827	1,427	1,561
Nonprofit membership organizations	713	1,028	1,386	1,497
Other	557	943	1,530	1,919
	(as percent of total)			
Nonprofit institutions, total	3.0%	4.3%	5.5%	5.9%
Hospitals	0.8	1.3	1.8	1.8
Nonprofit membership organizations	1.2	1.6	1.7	1.8
Other	0.9	1.4	1.9	2.3

Source: Based on data from the U.S. Department of Commerce and American Hospital Association.

Figures may not add because of rounding.

Indirect Employment

Governmental and nonprofit expenditures for goods and services from the private profit sector, reported earlier in Table 1, can be converted into employment equivalents, as in Table 6. They indicate that the indirect employment in the private sector for the not-for-profit sector increased from 6.4 percent of all employment in the nation in 1950 to 10.2 percent in 1973. The governmental share increased from 5.4 percent in 1950 to 9.1 percent in 1970, but slipped markedly to 8.4 percent in 1973. Indirect nonprofit employment declined slightly from 1.1 percent of all employment in the nation in 1950 to 1.0 percent in 1960, but has consistently increased since, reaching 1.8 percent in 1973.

TABLE 6

Indirect Employment in the Private Sector for the Not-For-Profit Sector, as a Percent of Total Employment, 1950-1973

	1950	1960	1970	1973
	(as percent of total employment)			
Total indirect employment	6.4%	9.9%	10.7%	10.2%
For government	5.4	8.9	9.1	8.4
For nonprofit institutions	1.1	1.0	1.6	1.8

Source: Based on data from the U.S. Department of Commerce and American Hospital Association.

Figures may not add because of rounding.

When both direct and indirect employment in and for the not-for-profit sector are combined, as in Table 7, the previous patterns are repeated and amplified. Governments, not counting government enterprises, accounted directly or indirectly for almost 17 percent of all employment in 1950 and 24 percent in 1973. Nonprofit institutions showed an even more rapid increase, from 4 percent to nearly 8 percent of the total.

TABLE 7

Direct and Indirect Employment in and for the Not-For-Profit Sector, as a Percent of Total Employment, 1950-1973

	1950	1960	1970	1973
Total direct and indirect employment	20.7%	28.5%	32.6%	31.9%
Government, except enterprises	16.7	23.3	25.5	24.2
Nonprofit institutions	4.1	5.2	7.1	7.7

Figures may not add because of rounding.

Thus these two not-for-profit sectors have, directly or indirectly, accounted for about one-third percent of all employment in recent years, and a little more than one third if employees of governmental businesses such as the post office, transit systems, and government liquor stores are included. This proportion has more recently shown marginal declines, as the growth due to the nonprofit institutions has not been great enough to offset declines in the relative role of governments.

THE SIZE OF THE VOLUNTARY NONPROFIT SECTOR: CONCEPTS AND MEASURES

Burton A. Weisbrod† and Stephen H. Long*

Introduction

This paper discusses the conceptual foundation for measuring the size of the voluntary nonprofit sector of the U.S. economy, presents new aggregate measures of the size of the voluntary sector, compares the new estimates with existing measures where appropriate, and offers suggestions for future data collection and measurement of the voluntary sector.

The traditional focus of economic theory is the private for-profit sector and the public, or governmental, sector. Economic activity in the marketplace is not limited to these two sectors, however. Goods and services are also provided by a third type of market entity – the voluntary nonprofit organization – which depends at least in part on voluntary grants of money and other real resources to produce its output.

Why do such voluntary sector organizations exist? What social roles do they perform? What are the differences and similarities between the kinds of goods and services produced in the voluntary sector and those produced in the other economic sectors? If profit maximization is the basis for predicting private-sector behavior and if political processes provide a basis for understanding governmental behavior, then what motivational analogue can be applied to the voluntary sector?

All of these interrelated questions call for answers. Research on voluntary nonprofit organizations is growing, but it is doing so from a very small base.[1] There is now no consensus among economists as to how to model – that is, describe and predict – the behavior of voluntary "firms." Ill-defined terminology abounds: "voluntary," "nonprofit," "philanthropy," "charity," "donation," and so on. The present paper is by no means an attempt to eliminate these ambiguities and construct a complete conceptual framework for the nonprofit, nongovernmental market sector. Our more modest goal is to present some of the issues and to provide some estimates of the "importance" of the sector.

I

ECONOMIC OUTPUT VERSUS INPUT

In coming to understand the sector that we will refer to as "voluntary," it is useful to distinguish between the kinds of outputs produced or provided and the methods of financing these outputs. Conventionally, this distinction has been obscured. The term "philanthropic," for example, has customarily been used to refer to both the nature of the organization's activities and the source and nature of its revenue. In particular, the revenue has been considered in terms of the motivation of the giver – that is, whether the gift was given quid pro quo. The form or precise definition of the quid pro quo has seldom been specified, but the usual presumption has been that it is not financial, or otherwise tangible, and that it can be in the form of public esteem, social praise, or other similar forms.[2] The extent to which narrow self-interest lies behind the donations of money and time to voluntary organizations is not clear, but there can be no doubt that donors often do derive significant benefits from giving, such as business contacts and favorable publicity.

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Having one's name appear on a plaque as the donor of a hospital ward, library park, or college building can be viewed as reflecting philanthropy, but it can also b perceived as the reward for a donation – and in this sense, as a purchase. Frequently, donors receive a more tangible and direct return for their contribution free gifts or other goods and services, and access to organized meetings with lik minded people.

These examples are intended to point up the complexities of any analysis o donor motivation. Yet, attention to motivation for giving may not be particularl useful in answering some of the questions posed here. For example, it is not necessary to understand the motivations of donors in order to evaluate the outputs o voluntary organizations and to measure the size of the voluntary sector. On th other hand, they may prove important in studying methods used by voluntary sector organizations to raise revenue. David B. Johnson has hypothesized tha "social pressure" is an important factor in determining the level of contributions t voluntary organizations.[3] If his hypothesis were confirmed empirically and if organizations were able to exert control over the intensity or type of social pressure, the an understanding of motive would be helpful in evaluating both donor and organization behavior.

No matter how one defines the philanthropic revenue of voluntary organizations there is reason to expect that many of these organizations will also receive revenu from non-philanthropic sources, such as the ordinary sale of goods and services, an government. Each of these sources might provide support in forms other than cash Goods might be given to the organization for subsequent resale; labor, equipment or other resources might be donated to the organization; goods and services might b sold to the organization at below-market prices.[4] Such support can be provided b private individuals and firms, by other voluntary organizations such as foundations, an by government through direct giving, special tax privileges to donors and to organizations, lower postage rates, and so forth.

An organization, whether voluntary or non-voluntary, can be characterized b the proportions of total support – monetary and non-monetary – derived from th following sources:

> *Money:* private "donations," including those from foundations; sale of goods and services; government grants; membership fees, dues, and assessments.
>
> *Non-money* (goods and services): private donations, including services at below-market prices; governmental aid in the form of tax privileges and/or free or below-market-price services.

The dependence on each type and source of financial support can vary widel among all organizations, and even among those specifically described as voluntary. While the revenue base of voluntary organizations is likely to be more varied than that of private for-profit organizations, both types of organizations can be expected to derive some portion of their revenue from the sale of goods and services and from various forms of governmental assistance.[5] Clearly, the sources and kinds of revenue are one basis for distinguishing among types of organizations; but since few organizations are exclusively dependent on any one source or form of revenue, such distinctions are essentially arbitrary divisions of what is likely to be a continuous spectrum.

Another possible basis for understanding the role of voluntary organizations in the economy is the nature of their outputs and, specifically, the relative emphasis on the provision of private and collective goods. (Collective goods, or, as they are often termed, public goods, are goods that can be enjoyed by many people simultaneously; common examples are national defense and consumer information. Private goods are those like food or clothing, that benefit only the individual user.[6]) The private for-profit sector provides primarily private goods, while the public sector provides goods with a larger collective component. While there is substantial agreement among economists about the outputs of these two sectors, there has been little actual analysis of the types of outputs of the third sector. In a recent paper, Weisbrod (1975) theorized that the voluntary nonprofit sector exists as a response to certain constraints on governmental provision of collective goods – in short, that it supplements governmental provision of collective goods, helping to meet the remaining consumer demand.[7] (In a later paper, Lee and Weisbrod (1974) examined and found evidence of the similarity of governmental and voluntary-sector outputs in the hospital industry.[8])

Much of the recent literature on the behavior of voluntary sector organizations has focused on hospitals and educational institutions.[9] Most of this work is theoretical, with some efforts at empirical corroboration. It has concentrated on determining the appropriate goal of voluntary organizations – something analogous to the assumed profit-maximization, budget maximization, and professional-income maximization have all been proposed, but we are far from a consensus on voluntary organization goals or on trade-offs among multiple goals.[10]

The role of the entrepreneur in the voluntary sector is another little-understood concept.[11] What is it that motivates entrepreneurs in this context, if not conventional monetary and related rewards? Even less well understood is the range of variables customarily referred to as the "industrial organization" of the voluntary sector: What factors determine when new voluntary organizations will enter or leave an "industry" and when existing ones will expand or contract? How do government regulation, taxation, and subsidization affect the voluntary sector as a whole, its division among various industries, and the variety of its sources of revenue and outputs? What are the relationships between the voluntary sector, the public sector, and the private for-profit sector which result in some goods being provided by all three sectors and other goods being provided by only one or two of the sectors?[12] Why do these sector shares change over time? Quantitatively, what are the effects of the voluntary sector on the economy's allocation of resources among alternative uses – and on the distribution of income?

These questions involve predictions of various elements of voluntary sector behavior. There are also important *normative* questions – those relating to what the behavior of the voluntary sector *should* be. How much voluntary sector output should there be in terms of economic efficiency and equity of distribution? How should the outputs of the voluntary sector be priced? Under what circumstances can the voluntary sector be expected to fail to allocate resources efficiently and equitably? Answers to these questions are not presently available; indeed, it seems clear that little effort has gone into seeking the answers. The economics of the voluntary sector deserve far more attention than it has received.

One obstacle to research in this area is the lack of comprehensive data about the voluntary sector. In order to accumulate better data, however, it is necessary to have more theoretical research which will help to point up the kinds of data needed and the uses to which they can be put. Work should proceed on both fronts: on theoretical conceptualizations of the sector and its role in the economy and on expansion of the data base.

II

SOME ALTERNATIVE MEASURES

In the preceding chapter we have indicated several ways one might characteriz an organization – by the type and mix of both outputs and financial inputs. In thi section we examine some implications of these alternative ways of describing th voluntary nonprofit (or philanthropic) economic sector. The exact boundaries o this sector will differ depending on the precise definition of the terms "voluntary' and "philanthropic."

Of the measurements developed to date, the most thorough and well known ar those by Dickinson[13] and by the American Association of Fund-Raising Counsel i its annual publication, *Giving USA*. Both attempt to measure *philanthropy* rathe than the broader concept of nonprofit collective-goods provision that we use here Both present aggregate data on contributions, by source and by recipient. (Dickin son's work, covering the period 1929 to 1959, includes public sector philanthrop and gifts to foreign countries.) In short, the size of the philanthropic sector i measured by inputs, not by outputs.

Volunteer Labor Services

Dickinson and *Giving USA* limit their measures of philanthropy to money flows Such measures omit a vast amount of in-kind giving – particularly the donation o labor services at below-market prices. Some data have been collected on the quan tity of volunteer labor services derived from households, and attempts have bee made to compute the monetary value of these services. However, the difficulties o data collection are large: Few organizations keep records of the number of hour worked by volunteers, the kind of work done, and the cost to the donor of tim contributed. Furthermore, the individual volunteer has no apparent reason to kee careful records of time given since it, unlike money donations, is not tax deductible In addition to the problems of precision of data, there are problems of coverage Most of the available survey data is limited to in-kind donations of labor at a *zer* price. Hence, when paid employees work at wages below their market rate of pay this differential is generally not counted. Recognizing these limitations, we sum marize in Table 1 data from four studies of the quantity and value of volunteere labor hours.

Table 1
Aggregate In-Kind Labor Donations, U.S., 1964-1965

Source	Total Hours/Year (in billions)	Total Value 1965 dollars (in billions)	Total Value 1975 dollars[a] (in billions)
Wolozin (1968) (1964 data)	5.7	$13.1	$24.1
Morgan, Sirageldin, and Baerwaldt (1966) (1964 data)	4.6	14.1	25.9
Sirageldin (1969) (1964 data)	4.6	11.2	20.6
Department of Labor (1969) (1965 data)[b]	2.6	8.9 6.5	16.4 12.0

See Appendix A for description of imputations and original authors' methods.

[a] Adjusted by Bureau of Labor Statistics index of average hourly earnings in the private nonfarm economy (October 1974).

[b] See Appendix A for explanation of the two sets of estimates in Columns 2 and 3.

While the estimates in Table 1 vary, it is clear that donations of labor services to he voluntary sector represent a significant source of support, amounting to between 20 and 40 percent of the estimated $59.9 billion total cash contributions to all onprofit organizations (see Table 3). Table 2 shows for 1965 the allocation of volunteer labor hours among selected subsectors (the method of calculation is described in Appendix A).

Table 2
Volunteer Time by Subsector, 1965

Subsector	Percentage of Total Hours Contributed	Hours Worked (in hundred millions)
Hospital	9.2%	2.39
Other health or medical	8.0	2.13
Education	21.6	5.62
Social welfare	19.8	5.15
Recreational	5.3	1.37
Civic or community	12.7	3.31
Youth activities (Scout,	12.6	3.27
other)	7.3	1.90
Other	3.5	.90
	100.0%	26.04%

Source: Adapted from Table 10 of U.S. Department of Labor, Manpower Administration, Manpower Automation Research Monograph No. 10, *American Volunteer* (Washington, D.C.: Government Printing Office, April 1969).

From the totals shown in Table 2, we observe that civic or community and youth activities together received one fourth of total volunteer time, while education, social welfare, and the combined health and hospital subsectors each received about one fifth of the total. One serious shortcoming of the Labor Department, survey, from which these figures are derived, is its lack of attention to religious activities and the consequent underreporting of time volunteered to this subsector. Clearly, from the age and imprecision of the data summarized in Tables 1 and 2, new efforts are required to count and value volunteer time and other in-kind donations at both the aggregate level and the subsector or "industry" level.

New Estimates of Voluntary-Sector Money Flows

The estimates of philanthropic giving – both money and in-kind – provide one perspective on the extent of private voluntary activities. However, when it is recognized that most organizations in the voluntary nonprofit sector have command over resources in excess of those given charitably, broader measures are suggested. Such measures would include flows of funds from nonprivate philanthropic sources such as governments and from the sale of a wide variety of private goods and services, in addition to noncash aid.

Consider the following simple set of revenue accounts for a typical voluntary sector organization:

1. Sales and receipts
2. Membership dues and assessments

3. Contributions, gifts, grants
   a. Private sector
   b. Public sector
4. Total revenue

The Dickinson and *Giving USA* measures account primarily for line 3a and the ta deductible portion of line 2. If one were interested in accounting for voluntary se tor activity in, for example, the hospital industry, a sizable share of the dollar flo would take the form of the sale of goods and services (line 1). Thus, another a curate measure of the role of the voluntary nonprofit sector in the economy is to revenue (line 4). (The private philanthropic component is measured primarily b line 3a. This, however, is somewhat understated, since part of the payments in lin 1 and 2 may represent charitable impulses rather than payment for goods and ser ices).

Our development of measures of the voluntary sector began with two sampl from Internal Revenue Service records. The first sample was from the group of no profit organizations (excluding private foundations) given special tax-exempt statu by the IRS; the second was from the universe of private tax-exempt foundation While both types of organizations are part of the voluntary nonprofit sector of th economy, they play distinctly different roles. The nonprofit, non-foundation organizations may be seen primarily as firms producing goods and services, while th foundations function largely as financial intermediaries whose grants are customaril made to voluntary institutions.[14]

Nonprofit Organizations

Tax-exempt nonprofit organizations file annually with the IRS a statement o their receipts, expenses, and assets and liabilities (Form 990)[15] Our sample of thes returns, which includes information for 432 such organizations, is described i Appendix B. Since we knew from independent sources that the universe of ta exempt nonprofit organizations in the United States was about 650,000,[16] we wer able to estimate the aggregate revenues of the entire voluntary sector and of som of its principal component subsectors. The revenue measures appear in Table 3.

One of the most striking figures in Table 3 is our estimate of the total revenu of all nonprofit organizations – $530.9 billion (column 6). This figure, howeve should not be interpreted as an estimate of "philanthropy." First, it includes type of organizations other than those customarily considered "philanthropic" (that i those for which individual donations are deductible from the personal income tax) (See Appendix B, Table B-2, for a list of the types of nonprofit organizations included in our estimate.) Second, the sources of revenue for each organization include – in addition to contributions, gifts, and grants – sales of goods and services and dues and assessments, which are generally not regarded as forms of charitable o philanthropic giving.

Our operational definition of the nonprofit voluntary sector includes organizations with diverse purposes and outputs: churches, hospitals, country clubs, boo stores, retirement plans, insurance companies, and trade associations, for example (See Appendix B, Table B-2.) Because this definition of the voluntary sector is fa more comprehensive than the common notion of charitable or philanthropic entities, we also present in Table 3, column 5, estimates for the *philanthropic sector* which we define as religious, educational, health, and cultural organizations. (Se Appendix B, Table B-1 for a list of the activity codes included in our definition o these four subsectors.)

Table 3

Voluntary Nonprofit Sector Revenue Sources, U.S., 1973
(in billions of dollars)

Type of Organization

	Source of Revenue	Religion (1)		Education (2)		Health (3)		Cultural (4)		All Philanthropic Organizations (5) (Sum of cols. 1-4)		All Nonprofit Organizations (6)	
(1)	Sales and receipts	$2.8	(60%)	$60.8	(65%)	$31.1	(94%)	$0.5	(46%)	95.2	(72%)	$121.1	(23%)
(2)	Membership dues and assessments	0.2	(4%)	19.3	(21%)	0.2	(1%)	0.1	(5%)	19.8	(15%)	349.9	(66%)
(3)	Contributions, gifts, and grants	1.7	(36%)	13.2	(14%)	1.8	(5%)	0.5	(49%)	17.2	(13%)	59.9	(11%)
(4)	Total revenue	$4.7	(100%)	$93.3	(100%)	$33.1	(100%)	$1.1	(100%)	$132.2	(100%)	$530.9	(100%)
(5)	Percentage of total revenue for all nonprofit organizations	0.8%		18%		6%		0.2%		25%		100%	
(6)	Sample size	25		67		32		34		158		432	

Source: Our calculations. Data are estimated national aggregates based on a sample of 432 Form 990 tax returns, blown up for the approximately 650,000 nonprofit organizations.

Note: Figures in parentheses are percentages of total for each subsector.

Our estimate of the total 1973 money revenues of the philanthropic sector i $132.2 billion, or 25 percent of all voluntary sector revenues. Philanthropic organizations represent 158, or 37 percent of the 432 voluntary sector organization sampled. Our estimate of the total revenue of philanthropic organizations include the amount of funds flowing to those organizations from philanthropic sources, o "charitable" giving (see line 3 of Table 3), and from other sources. In 1973, philanthropic organizations received a total of $17 billion in contributions, gifts, an grants. Thus, of the estimated total revenues of philanthropic organizations o $132.2 billion, only 13 percent come from philanthropic sources. It is especiall interesting to note that nearly three quarters (72 percent) of the total revenue o philanthropic organizations represents sales and receipts, a much higher proportio than this source represents for the entire voluntary sector (23 percent).

Our estimate of the magnitude of the voluntary sector – $530.9 billion – shoul not be confused with the contribution of the voluntary sector to the Gross Nationa Product. The estimate we present here involves double counting since part of th income of some of the voluntary sector organizations is often distributed to othe organizations in that sector. While foundations are excluded from the estimates i Table 3, other organizations that similarly serve as conduits for funds are included for example, the United Fund and the Blue Cross-Blue Shield Groups, which di tribute a significant share of their revenues to voluntary sector hospitals (which ar also included among the tax-exempt, nonprofit organizations). Form 990 makes i impossible to estimate the degree of double counting since all expenses are allocate to two lines on the form – "expenses attributable to gross income" (fund raising and "disbursements for purposes for which exempt" (which includes both value added activities and transfers to other voluntary sector organizations). More researc and better data are needed to learn about these intravoluntary-sector flows of fund and to develop better estimates of the value-added activities of the sector and of i philanthropic component.

It is not possible to disaggregate the IRS data to determine how much of th contributions, gifts, and grants is from government (federal, state, local) and ho much is from the private sector. Such data would be valuable and could be co lected if the Form 990 tax returns were modified. Lacking such data but believing them to be useful for understanding the actual role of private philanthrop we have attempted some rough estimates (see Table 4).

Two recent studies provide some basis for very preliminary estimates of the div sion of contributions, gifts, and grants between government and nongovernmen sources in the education and health sectors: (1) The Joint Economic Committe study, *Federal Subsidy Programs* (1974), and (2) estimates made by Marc Bendick Jr. The first study is restricted to activities of the federal government. It provide estimates of the value of four types of federal subsidy programs: direct cash subsidies, tax subsidies, credit subsidies, and benefit-in-kind subsidies. Our interest her is limited to direct cash subsidies, since this is the only form of subsidy that woul appear as revenue in the exempt-organization tax return. (It would be useful t know more about the total resources controlled by voluntary nonprofit organizations, which include not only cash but also noncash items such as the other subsidies mentioned above and volunteer labor services.)

One difficulty with the Joint Economic Committee data, in addition to their being limited to federal activities, is that they are not disaggregated in a way tha allows ready identification of the shares of subsidies going to each of the sectors – private, public, and nonprofit. We applied independent estimates of the voluntar sector share in the education and health industries in order to estimate the value o federal cash subsidies to these two groups. The resulting estimates are presented i Table 4, line 2a. (Our calculations and sources are described more fully in Appendi C.)

Table 4

Sources of Contributions, Gifts, and Grants to Voluntary Sector Education and Health Institutions (in millions of dollars)

Source	Education		Health	
1. All sources, 1973	$13,200	(100%)	$1,800	(100%)
2. Government, all levels, 1970	776	(6%)		
2a. Federal, 1972	177	(1%)	453	(25%)
3. Residual: private philanthropy	$12,424	(94%)	$1,347	(75%)

Sources: Line 1: Table 3.

Line 2: Marc Bendick, Jr., *Education As a Three-Sector Industry*, Ph.D. dissertation, University of Wisconsin-Madison, 1975.

Line 2a: Our calculations using data from U.S. Congress, Joint Economic Committee, (1974), and from Marc Bendick, Jr. See Appendix C for details.

Table 4 also presents a more comprehensive estimate of government aid, but only or the education sector. This estimate, which includes state and local as well as ederal government support, has been made by Bendick (see Appendix C).

We have barely scratched the surface of the problems of determining the relative mportance of governmental and private philanthropic contributions, gifts, and grants to the voluntary nonprofit sector. We hope that we have pointed up the absence of comprehensive and reliable data, the desirability of developing data that would permit assessment of the governmental and nongovernmental input in each expenditure subsector, and the desirability of accounting for state and local as well as federal activities.

Returning to Table 3, it may be observed that the relative importance of sources of revenue vary significantly across the subsectors. For example, cultural and religious activities are substantially more dependent on philanthropic sources – contributions, gifts, and grants – than are the education and health industries. This source accounts for 49 percent and 36 percent of the total revenue of cultural and religious activities, compared with 14 percent for education and 5 percent for health. The striking dependence of health organizations on sales and receipts (primarily patient charges) points up the importance of this form of revenue to at least part of the voluntary nonprofit sector, something that has generally been ignored. Each of the four subsectors for which data are presented receives a relatively small portion of income from membership dues and assessments, ranging from 1 percent in health to 21 percent in education. This revenue source is much more important to other voluntary sector orgaizations such as employee organizations, trade associations, recreational and social clubs, fraternal orders, and insurance and pension funds (all of which are included in the column 6 totals for all nonprofit organizations).

How do our estimates compare with those of *Giving USA*? Our measures are broader, since we do not limit the revenue sources to charitable sources which provide only a portion of the operating revenues for voluntary sector organizations. (Thus, for any voluntary organization our measure would be greater than or, only rarely, equal to the *Giving USA* measure). We also include a wider spectrum of organization types than *Giving USA*.

Even when we examine measures for the usual philanthropic sectors, however, our estimates differ noticeably from those of *Giving USA*. Table 5 presents *Giving USA* estimates of philanthropic support for 1973 in the subsectors for which we have estimates from IRS data. Comparing Table 5 to Table 3, we observe that our estimate of total philanthropic support (contributions, gifts, and grants) for all nonprofit organizations – $59.9 billion – is more than double the $24.5 billion estimated by *Giving USA*. The subsector comparisons also show wide divergence: our estimates from the random sample of IRS tax returns show $1.7 billion in contributions, gifts, and grants to religious organizations, while *Giving USA* shows $10.1 billion, a figure greater than our estimate of the total revenue of this subsector from *all* sources ($4.7 billion). While we estimate a much lower level of contributions to religious orgaizations, we find (on Table 4) a much higher level of contributions to educational organizations – $13.2 billion compared with the *Giving USA* estimate of $3.9 billion.[17]

Table 5

Philanthropy in Selected Areas: *Giving USA* **Estimates, 1973**
(in billions of dollars)

	Religion	Education	Health	Cultural	All Other	Total
Contributions	$10.1	$3.9	$3.9	$1.2	$5.3	$24.5
Percentage of total giving to all areas	41%	16%	16%	5%	22%	100%

Source: American Association of Fund-Raising Counsel, Inc., *Giving USA*, 1974

Describing the size of an organization or a sector of the economy by flows of funds, as we have done here, is not the only means of assessing size and importance. One might instead consider the assets, or wealth, held by voluntary organizations. We turn now to the balance sheet of the voluntary sector, again using our sample of tax-exempt nonprofit organizations. These data, which appear in Table 6, are another indication of the size of the voluntary nonprofit sector. Once again it is clear that the size of the voluntary sector justifies a great deal more attention to the sector and its behavior.

Our 1973 estimate of $578 billion for the sector's total assets may be compared with a 1969 estimate of $1.11 trillion for total household and institutional tangible assets and $2.93 trillion for total private national wealth.[18] The combination of inflation and economic growth would surely have increased these 1969 estimates, with the $1.11 trillion figure rising to perhaps $1.4 trillion in 1973 and the $2.93 trillion figure increasing to perhaps $3.6 trillion. The nonprofit sector thus appears to control some 15 percent of United States private national wealth. It should be noted that a large portion of the assets of nonprofit organizations is in the form of securities, such as loans and bonds, rather than in tangible wealth. Nevertheless, the asset figures show, as did the revenue data, that the nonprofit sector is vastly more important in the economy than the attention previously given to it would suggest.

Private Foundations

IRS records also provided us with data on the financial dimensions of the private foundation subsector of the voluntary nonprofit sector. Using a sample of 70 returns out of the approximately 26,000 foundation returns filed for the year 1972 (see Appendix D), we are able to present estimates of revenue and balance-sheet items for all foundations in the United States. Our estimates, some of which differ noticeably from previously published data, are presented in Tables 7 and 8.

Our estimate of total foundation grants ($2.4 billion) is very similar to that of *Giving USA* ($2.2 billion) in spite of different estimation procedures.[19] But our estimate of total assets ($16 billion) is one half that of *Giving USA* ($30 billion),

Table 6

National Aggregate Balance Sheet, All Nonprofit Organizations, December 1972 or June 30, 1973

(in billions of dollars)

Assets		*Liabilities*	
Cash	$ 82	Accounts payable	$ 73
Accounts receivable net	128	Contributions, gifts, grants, etc., payable	32
Notes receivable net	5	(a) bonds and notes payable	30
Inventories	3	(b) mortgages payable	26
Government obligations	49	Other liabilities	131
Investments in nongovernmental bonds, etc.	60	Total liabilities	$292
Investments in corporate stocks	99	*Net Worth*	
Other investments	14		
Depreciable (depletable) assets less accumulated depreciation (depletion)	55	Capital stock or principal fund balance	$180
Land	70	Paid in or capital surplus	35
Other assets	13	Retained earnings or income fund balance	73
		Total net worth	$288
Total assets	$578	Total Liabilities and Net Worth	$580

Source: Our estimates were derived from a sample of 269 Form 990 tax returns out of a total of approximately 650,000 such returns. (While the revenue information (Table 3) was obtained from 432 organizations, only 280 supplied balance-sheet information; 11 of these were illegible, leaving a sample of 269.)

Note: Total assets ($578 billion) do not equal the total of liabilities plus net worth ($292 billion + $288 billion = $580 billion) because of rounding and errors in the reported amounts on tax returns.

Table 7

Total Grants and Assets of Private Foundations, 1972

(in billions of dollars)

	Giving USA[a]	Our Estimate[b]
1. Total contributions, gifts, and grants	$2.2	$2.4
2. Total assets	$30.0	$16.0
3. Percent of all foundations making annual grants of at least $50,000	20%	19%
4. Percent of all foundations having assets of at least $500,000	20%	22%

[a] American Association of Fund-Raising Council, Inc., *Giving USA*, 1973. Sample size = 38.

[b] See Tables 9 and 10, infra, and Appendix D for details. Sample size = 70.

even though we find a somewhat larger share of all foundations holding assets valued at $500,000 or more. This sizable discrepancy suggests that a more thorough study of foundation assets is required for a reliable report on the magnitudes of foundation wealth and revenue. If the American Association of Fund-Raising Counsel is correct, the estimated payout-to-asset ratio (Table 7, row 1 divided by row 2) is 7.3 percent; if our estimates are correct, the ratio is twice as large, 14.4 percent. This possible difference in behavior can only be confirmed with better data, stratified by various sizes of foundations. Such disaggregated data might suggest empirical regularities that could contribute to the understanding of foundation behavior.

Table 8

Distribution of Private Foundation Assets, 1968 and 1972

Assets	Nelson Estimate[a] (1968)	Our Estimate[b] (1972)
Cash	1%	14%
Government obligations	6	4
Corporate stock	75	53
Nongovernment bonds	9	23
Residual	9	6
	100%	100%

[a] Ralph L. Nelson, "Estimates of Balance Sheets and Income Statements of Foundations and Colleges and Universities," in Raymond W. Goldsmith, *Institutional Investors and Corporate Stocks: A Background Study* (New York: National Bureau of Economic Research, 1973).

[b] See Appendix D for our dollar estimates of assets, liabilities, and net worth.

Table 8 compares our estimated patterns of asset holdings with those from Ralph Nelson's 1968 study.[20] Our sample data indicate relatively greater liquidity and lower risk in foundation portfolios. Unfortunately, we are unable to say how much of this may be due to the different characteristics of the foundations sampled and how much, if any, is due to changed foundation behavior between 1968 and 1972, in response to both the Tax Reform Act of 1969 and the economic downturn which might have led to an altering of foundation asset portfolios, particularly in favor of increased liquidity.

Finally, we present our estimates of the distribution of foundations by size, as measured by total annual grants (Table 9) and by total assets (Table 10). Both tables indicate the extreme importance of a relatively few organizations. For

Table 9

Distribution of Total Foundation Grants, 1972

	Foundations Sampled		Percent of Total Dollar Value of Grants Made
Total Grants	Number	Percent of Sample	
$0-9,999	36	51%	1%
$10,000-19,999	11	16	2
$20,000-49,999	10	14	6
$50,000-99,999	4	6	4
$100,000-199,999	4	6	9
$200,000 and over	5	7	78
	70	100%	100%

See Appendix D.

example, Table 9 shows that of the foundations sampled, the 13 percent that made grants of $100,000 or more made 87 percent of the total value of all foundation grants, while the 51 percent that made grants of less than $10,000 in 1972 accounted for only 1 percent of the total dollar value of grants. From Table 10 we find that 15 percent of the foundations had assets of over $1 million and controlled 80 percent of all foundation assets (the 4 percent of foundations with assets of $2 million and over controlled 56 percent of the total assets). About half of all private foundations sampled had assets under $75,000; they controlled only 2 percent of total foundation assets.

Table 10

Distribution of Total Foundation Assets, 1972

Asset Class	Foundations Sampled Number	Percent of Sample	Percent of Total Assets
$0-999	7	10%	*
$1,000-4,999	7	10	*
$5,000-9,999	5	7	*
$10,000-24,999	10	14	*
$25,000-49,999	5	7	*
$50,000-74,999	2	3	*
$75,000-99,999	4	6	1%
$100,000-249,999	9	13	3
$250,000-499,999	5	7	4
$500,000-999,999	5	7	10
$1,000,000-1,999,999	8	11	24
$2,000,000 and over	3	4	56
	70	100%	100%

See Appendix D.

*Greater than zero but less than one half of one percent.

III

CONCLUSIONS AND RECOMMENDATIONS

We do not pretend to have provided definitive measures of the size and activity of the voluntary nonprofit sector. Our more modest goals were (1) to identify some alternative concepts of the importance of the voluntary sector and (2) using these concepts and drawing upon a previously untapped data source (the IRS returns), to estimate the magnitude of the voluntary sector.

In addition to our call for increased research at the theoretical level, we make the following recommendations regarding future data collection and empirical research on the nonprofit sector of the economy:

1. Careful research with the 990 and 990-PF (private foundation) tax returns will, as this exercise has shown, permit a more comprehensive measurement of the total monetary resources controlled by voluntary organizations, disaggregation of data by the activities of orgnizations, and a more thorough study of the types and sizes of voluntary nonprofit organizations.[21]

2. Access to 990 data is at present difficult and time-consuming to obtain. In the future, these data should be made more freely available to researchers and in machine-readable form.

3. Study of foundation behavior should proceed not only for all foundations, but for foundations by various size classifications. Areas of interest include rates of grant payout, portfolio mix, and factors affecting the quantity of grants made to various voluntary sector industries.

4. From current Form 990 data, it is not possible to distinguish governmental from private support of an organization. Yet for many questions it is important to distinguish government grants from other sources of support. Form 990 should be modified to obtain separate data for governmental – federal, state, local – contributions to nonprofit organizations.

5. An accounting of the value of government support to the voluntary sector is needed, not only in terms of its monetary dimensions (as suggested in the above recommendation) but of its non-money forms, including tax preferences to donors and organizations and in-kind grants.

6. We need to find out more about the nature and scope of the activities of those voluntary sector organizations that are not granted tax-exempt status by the IRS.

7. Measurement of volunteer labor services should be updated and improved.[22] These data should be disaggregated by type of recipient organization – such as education, health, religion – and by donor characteristics.

8. More information on the benefits accruing to members of voluntary organizations would help us separate the private-good aspect of membership from the collective-good, charitable-contribution aspect. Such information would aid in the testing of models dealing with the factors determining the magnitude and forms of giving.

9. In order to avoid a problem of double counting we need to know more about the flows of grants among voluntary nonprofit sector organizations.

10. More study is needed of the effects of voluntary sector activity on the distribution of income.

Appendix A

Sources and Adjustments for Tables 1 and 2

Four estimates of aggregate donations of labor services to the voluntary sector are summarized in Table 1. The Wolozin (1968) estimates are based on a 1964 survey of seven organizations that kept records of volunteers, including the Veterans' Administration, Department of Agriculture's Extension Service, Red Cross, League of Women Voters, and Illinois State mental institutions. The concept of voluntarism used was donation of labor services without pay where the activity had a market counterpart. The totals were then extrapolated to the total United States population. Wolozin only reported a total value, but since he also stated that the assumed wage was 75 percent of that used by Morgan, Sirageldin, and Baerwaldt ($3.07), we were able to compute his estimated hours.

Morgan, Sirageldin, and Baerwaldt, in *Productive Americans* (1966), used a national sample of 2,214 families. This source reports a household average instead of a national total. Wolozin, using the Morgan data, did compute such totals and we have used them here. The Morgan definition of voluntarism is broad, including all contributions of time in service to people or organizations, but excluding service to the immediate family or relatives. Sirageldin (1969), apparently using the same data as Morgan, applied a different, lower average wage rate for donors by adjusting for unemployment experiences and other factors.

The Labor Department survey, *Americans Volunteer* (1969), was conducted during the week of November 7, 1965; a total of 4,000 housholds participated. For the purposes of the study, oluntarism was defined as unpaid work performed by a person over 14 years of age for or rough an organization. Excluded was work performed for a political organization or for nother person, as a part of schooling or to further a hobby. Religious volunteer work was, in e Labor Department's opinion, not sufficiently highlighted; activity supporting this subsector ay have been underreported. The survey asked about volunteer activity during the survey eek, rather than in the past year. Our procedure of multiplying the hour totals by 52 to create nnual totals is subject to bias if the survey week was not an average one. The two Labor epartment values in Table 1 were computed by applying wage rates used by (a) Morgan, Sira- ldin, and Baerwaldt and (b) Wolozin.

The reported subsector allocations in Table 2 are adapted from Table 10 of *Americans Volun- er*. The data in this source reflect the percent of the sample volunteering for a particular type f organization. Since some volunteers gave to more than one subsector, the Labor Department rcentages add to 125 percent. In order to allocate the total hours to each subsector, the dis- ibution was recomputed to total 100 percent, and these shares were used to allocate among e classes the 2.6 billion total hours worked. The assumption implicit in this calculation is that ch subsector volunteer contributes, on the average, the same quantity of time.

Appendix B

Sample of Tax-Exempt Organization Returns (IRS Form 990)

The Internal Revenue Service, as a matter of public record, makes available certain informa- on from the tax returns of nonprofit organizations. We believe that the IRS list of exempt rganizations was the best available approximation of our conception of the voluntary sector; owever, it does exclude some organizations that might reasonably be included — for example, ommon Cause. The quantitative importance of the omission of this type of organization is not ear.

Since the returns are generally not available for public inspection except by organization ame, employees of the IRS were instructed to take a sample of returns for the 1973 filing eriod. We were assured that this would result in no biases of selection by type, size, location, organization.

The Form 990 tax return gives each organization the opportunity to select up to three ctivity codes" as representing the type of activity in which it is engaged. The activities of ch philanthropic subsector shown in Table 3 — religion, education, health, and culture — are ven in Table B-1 along with the number of returns in our sample. Table B-2 gives the full list activity codes for 1972, along with the number of organizations reporting each code.

To "blow up" the sample totals to the national estimates for each philanthropic subsector, e used the figures in Table B-2 to estimate the total number of organizations in each sub- ctor. Adjustments of the activity code figures were necessary, however, since an average of 2 tivities were listed by each of the 650,000 organizations. For our subsectors, use of un- djusted activity-code counts as bases for estimating the national totals would lead to two urces of double counting: (1) an organization might list its activities in two subsectors (for ample, a parochial school might appear as both a religious and an educational institution) and) an organization could conceivably list up to three codes, all under the same subsector (for ample, a college might list its activities as school, college; scholarships; and student-housing tivities).

To correct for these potential biases, we assigned each organization to only one "industry" d reduced the total activity codes listed for each subsector by a factor (computed from our mple) to remove double counting of the same entities in the subsectors.

These problems were not encountered in the estimates for the total of all nonprofit rganizations since we had information independent of the activity codes for this total (see otnote 16).

Table B-1

Activities of Each Subsector

Religion (25 Returns)

001	Church, synagogue, etc.
002	Assocation of churches
003	Religious order
004	Church auxiliary
005	Mission
006	Missionary activities
007	Evangelism
008	Religious publishing
029	Other religious

Education (67 Returns)

030	School, college, etc.
031	Special school for blind
032	Nursery school
574	Day care center
040	Scholarships
041	Loans
043	Other student aid
033	Faculty group
034	Alumni association
035	P.T.A.
036	Fraternity or sorority
037	Other student group
038	School or college athletic association
042	Student housing activities
044	Student exchange with other countries
045	Student-operated business
059	Other school-related activities

Health (32 Returns)

150	Hospital
151	Hospital auxiliary
152	Nursing home
153	Care and housing for aged
154	Health clinic
155	Rural medical facility
157	Cooperative hospital organization
159	Nurses' register
160	Aid to handicapped
161	Scientific research (disease)
165	Community health planning
166	Mental health care
167	Group medical practice
179	Other health
163	Health insurance
164	Prepaid group health

Cultural (34 Returns)

060	Museum, zoo, planetarium
061	Library
062	Historical site
063	Commemorative events
064	Fair
088	Community theater group
089	Singing group
090	Cultural performances
091	Art exhibit
092	Literary activities
093	Cultural exchanges with other countries
094	Genealogical activities
119	Other cultural or historical activities

Table B-2

Nonprofit Entities (Excluding Foundations) by Activity Codes, National Summary, Year Ending December 31, 1972

ode	Description	Count*
1	Arts (Performing Arts, Fine Arts, etc.)	9
2	Advertising	1
3	Alumni Activities	6
4	Association of Employees	63
5	Association of Employers	4
6	Athletics	4
7	Book Store	–
8	Business Promotion	12
9	Cafeteria, Restaurant, Snack Bar, Food Services	2
0	Camp	6
1	Cemetery or Burial Association	5
2	Civic Welfare	68
3	Civil Liberties or Rights	3
4	Clinic	2
5	Commemorative Organization (Centennial, Monument, etc.)	1
6	Commodity Exchange	–
7	Community Deterioration, Prevention of	6
8	Community Fund	4
9	Conservative (Natural Resources, Wildlife)	6
20	Country Club	2
21	Credit Reporting	1
22	Educational Institution	16
23	Educational (Other)	140
24	Emergency or Disaster Aid Fund	4
25	Employees, Welfare of	49
26	Employment Assistant, Retraining, Apprentice or Vocational Training, etc.	9
27	Endowment Fund	9
28	Exhibitions, Fairs, Trade Shows	5
29	Farming	7
30	Federal, State or Local Government Agency	1
31	Financial Services	6
32	Fraternity or Sorority	71
33	Fund Raising	14
34	Garden Club	1
35	Gifts to Charitable Organizations	56
36	Gifts to Individuals	13
37	Handicapped, Aid to	22
38	Health Agency	7
39	Historical Sites, Historical Records Preservation of, etc.	10
40	Hobby Club	2
41	Hospital Nursing Home, etc.	11
42	Housing for Aged	15
43	Housing (Other)	6
44	Humanitarian Activities	43
45	Indian (Tribe, Cultures, etc.)	2
46	Industrial Development	3
47	Insurance	11
48	International Operations	1
49	Juvenile Delinquency, Combating of	9
50	Legislative Activities	7
51	Library	6
52	Loans	8
53	Marketing Members' Products	4
54	Medical Care	7
55	Museum	4
56	Nursery	2
57	Parent or Parent-Teachers Association	24
58	Patriotic Activities	31
59	Pensions, Profit-Sharing Trust, etc.	–
60	Perpetual Care Fund	1
61	Professional Advancement	19
62	Public Safety	3
63	Publishing, Radio, TV, etc.	2
64	Real Estate Activities	2
65	Recreation	17
66	Religious Institution (Church, Synagogue, etc.)	10
67	Religious (Other)	32
68	Rental of Owned Property	3
69	Research and Development	9
70	Retirement Plan	1
71	Royalties, Receipt of	–
72	Scholarships	32
73	Senior Citizens or Retirees	4
74	Services to Members	112
75	Sick or Death Benefits Members	53
76	Social Activities	61
77	Sports Activities	11
78	Student Activities	18
79	Testing	1
80	Thrift Shop, Retail Outlet, etc.	1
81	Traffic or Tariff Bureau	–
82	Unemployment Benefits	2
83	Urban Renewal	1
84	Vacation Plan	1
85	Veterans Activities	33
86	Volunteer Firemen's Organization	2
87	Voter Education	3
88	World Peace, Promotion of	4
89	YMCA, YMHA, etc.	2
90	Youth Activities	24
91	Instrumentality of Government Agency	–
93	Non-Exempt Charitable Trust	6
94	170(B)(1)(A)(vi) Determinations	3
95	509(A)(2) Determinations	2
96	Private Schools	5
98	Denials or Failed to establish	1
99	EOMF Handbook (522)	1
		1,314**

*The nearest one thousand

**Does not equal the sum of the components because of rounding.

Source: Office of Tax Analysis, U.S. Treasury.

Appendix C

Direct Government Grants to Voluntary Sector Education and Health Institutions

Data on government subsidy programs are available from a Joint Economic Committee stud (U.S. Congress, Joint Economic Committee, 1974). The data are organized by type of subsid and area of impact, including agriculture, medical care, manpower, education, and housin Within each impact area the subsidies are listed individually and described according to the administering agency, objectives, financial form, and direct recipient. While a number of th impact areas appeared inappropriate to our voluntary sector concepts, the areas of educatio and medical care seemed consistent with our sectoral classification. Within these two areas, w isolated all direct cash subsidies for which nonprofit organizations were listed as among th direct recipients. Lists of these subsidies and their value in 1972 are presented in Table C-1.

Totals of the grants in Table C-1 include distributions to public and for-profit institutions well as to nonprofit or voluntary organizations. In order to estimate the voluntary sector sha of these grants, we sought other information.

For education, we used data from Marc Bendick, Jr., *Education as a Three-Sector Industr* (Ph.D. dissertation, University of Wisconsin-Madison 1975). Bendick estimates that nonprof institutions received 30.4 percent of money revenues to all colleges and universities in 197 Since the subsidies reported in the Joint Economic Committee study were for higher educatio this share of the industry seems appropriate. Of the $293 million of education subsidies i Table C-1, we estimate that 30.4 percent, $89.1 million, went to voluntary sector institution Adding this total to the federal aid to Howard University, a private institution, total feder grants to the higher education portion of the voluntary education subsector are estimated to b $177 million.

This estimate, however, is far from satisfactory. It does not include federal governmen giving to lower levels of education, nor does it include the contributions by state and loc governments to voluntary sector educational institutions at any level of education.

Bendick estimates total government (all levels) cash grants to the voluntary sector for 197 as follows:

Pre-school	$139 million
Kindergarten	8
Grades 1-8	209
Grades 9-12	101
College and university	319
	$776

It may be noted that Bendick's estimate of $319 million of governmental cash aid t colleges and universities is considerably greater than our estimate of $177 million (Table based on Joint Economic Committee data. The difference, we believe, is partly attributable t the fact that the Joint Economic Committee estimate applies only to the federal government. I any case, it is clear that these are rough estimates; the availability of the desired data is ex tremely limited.

We also wish to point out that in the education sector (and perhaps in other sections), focu ing on sources of receipts by organizations may be misleading. For example, governmenta grants and scholarships that are paid directly to students rather than to schools do not appea on Form 990 tax returns under receipts of contributions, gifts, and grants.

The estimate for health that appears in Table 4 was made by taking the portion of tot medical care grants of $622.4 million reported in Table C-1 that might be expected to hav accrued to voluntary sector health organizations. To make the estimate, we used the share o total hospital expenditures made by nonprofit hospitals, 72.8 percent, reported in Lee and Wei brod (1974). Our estimate is $453.1 million ($622.4 million times 72.8 percent).

Table C-1

Federal Cash Subsidy Programs That Include Nonprofit Educational Organizations as Recipients, 1972 (in millions of dollars)

Miscellaneous education and training fellowships		$235.8
College libraries		11.0
Special services for disadvantaged students in institutions of higher education		15.0
Institutional grants for science		12.0
Sea grant		17.3
Higher education–cooperative education		1.7
	Total	$292.8
Grant to Howard University		$ 87.9

Table C-2

Federal Cash Subsidy Programs That Include Nonprofit Medical Care Institutions as Recipients, 1972 (in millions of dollars)

NIH training		$ 7.4
NIMH training		115.1
Health manpower		265.7
Health professions grants		47.4
Hill Burton		186.8
	Total	$622.4

Appendix D

Sample of Private Foundation Returns (IRS Form 990-PF)

IRS retursn filed by private foundations are a matter of public record. We sampled 70 turns from the roughly 26,000 returns on file at the Philadelphia IRS office for the calendar ar 1972, or the fiscal year beginning in 1972 (these were filed together by IRS). Returns are ed on aperture cards in boxes, alphabetically by state and randomly within each state. A stematic sampling procedure was used, taking the first card from each box and a card from e center of each box (IRS did not use a new box for each state.) Only legible returns were ed. (These data are also available from the Foundation Center Library in New York City and ll be computerized within the next few years.)

The totals reported in this paper were computed by deriving the sample means from the orm 990-PF returns and multiplying each mean by 26,000 (the approximate number of undations in the United States in 1972). Our estimates of the aggregate balance-sheet totals r all United States private foundations are summarized in Table D-1.

Table D-1

Consolidated Balance Sheet, U.S. Foundations, 1972
(in billions of dollars)

Assets	
Cash	$2.23
Government obligations	.65
Nongovernment bonds	3.67
Corporate stock	8.45
Total assets	$16.02[a]
Liabilities and Net Worth	
Total liabilities	$ .06
Total net worth	15.95
Total liabilities plus net worth	$16.01

Source: Our estimates. See Appendix D.

[a] Some organizations provided data on total assets but did not provide detail on components. Thus, the figure shown for total assets is not equal to the sum of the component types of assets.

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Footnotes

1. The bibliography to this paper includes citations to a number of recent efforts dealing w the voluntary sector. For general conceptual discussion of the relationship between the thr sectors, see Burton A. Weisbrod, "Toward a Theory of the Voluntary Non-Profit Sector in Three-Sector Economy," in Edmund Phelps, ed., *Altruism, Morality and Economic Theory* (N York, Russell Sage Foundation, 1975).

2. Kenneth E. Boulding in "Notes on a Theory of Philanthropy," *Philanthropy and Pub Policy*, Frank G. Dickinson, ed. (New York: National Bureau of Economic Research, 1962) d fined a philanthropic gift as a unilateral transfer, given out of a genuine sense of communi with the object of donation. Frank G. Dickinson in *The Changing Position of Philanthropy the American Economy* (New York: National Bureau of Economic Research, 1970) defin philanthropy as "giving away money or its equivalent to persons outside the family and to ins tutions without a definite and immediate *quid pro quo* for purposes traditionally consider philanthropic."

For further discussion of definitional issues, see the excellent introduction, by Solom Fabricant, to Dickinson, op. cit.

On the subject of motivations for giving, see also Harold Hochman and James Roge "Pareto Optimal Redistribution," *American Economic Review* 59, No. 4, Part I (Septemb 1969), pp. 542-557; and Thomas R. Ireland and David B. Johnson, *The Economics of Chari* (Blacksburg, Va.: Center for the Study of Public Choice, 1970), who examine "utility interd pendence" — the (psychological) benefits that a donor receives from giving.

3. Ireland and Johnson, op. cit.

Stephen H. Long presents a model of individual choice between time and money contribu-
ns and evaluates the effect of alternative tax regimes upon this choice in his "Income Tax
ects on Donor Choice of Money and Time Contributions," paper presented at Eastern Eco-
mic Association Meetings, Albany, N.Y., October 1974.

See William Vickrey, "Private Philanthropy and Public Finance," in *Altruism, Morality and
onomic Theory*, op. cit., for a number of public-sector subsidies to philanthropic institutions
d individuals.

For further discussion of collective vis-a-vis private goods see Jesse Burkhead and Jerry
ner, *Public Expenditure* (Chicago: Aldine, 1971); and Paul Samuleson, "The Pure Theory of
blic Expenditure," *The Review of Economics and Statistics* 36 (1971), pp. 387-389.

Burton A. Weisbrod, op. cit., also examines what he terms "private-good substitutes" for col-
tive goods, thereby relating the for profit sector to the public and voluntary sectors.

A. James Lee and Burton A. Weisbrod, "Collective Goods and the Voluntary Sector: the
se of the Hospital Industry," Research and Analytic Report Series, No. 7-74 (Madison: Uni-
sity of Wisconsin, Health Economics Research Center).

On hospital behavior, see Richard Freeman, "Demand for Labor in a Nonprofit Market: Uni-
sity Faculty," Harvard Institute of Economic Research Discussion Paper No. 330 (Cambridge,
ss.); M. L. Lee, "A Conspicuous Production Theory of Hospital Behavior," *Southern Eco-
mic Journal* 38 (July 1971), pp. 48-59; Joseph Newhouse, "Toward a Theory of Non-profit
stitutions: An Economic Model of a Hospital," *American Economic Review* 60 (March 1970),
63-74; and Mark Pauly and Michael Redisch, "The Not-For-Profit Hospital as a Physicians'
operative," *American Economic Review* 63, No. 1 (March 1973), pp. 87-00. F. K. Levy has
amined educational institutions in "Economic Analysis of the Non-Profit Institution—The
se of the Private University," *Public Choice* 4 (Spring 1968), pp. 3-17, and William A. Niska-
n, Jr. has developed a general model of bureaucratic behavior that is claimed to be applicable
nonprofit firms in *Bureaucracy and Representative Government* (Chicago: Aldine-Atherton,
71).

. Kenneth Boulding, "Notes on a Theory of Philanthropy," op. cit., and "Towards a Pure
eory of Foundations" (New York: Non-Profit Report, Inc., 1972) has called for research on
undation behavior.

. The appendix to Mancur Olson, Jr., *The Logic of Collective Action*, rev. ed. (New York:
hocken Books, 1971) raised this question. Norman Frohlick, Joe Oppenheimer, and Oran
ung in *Political Leadership and Collective Goods* (Princeton: Princeton University Press,
71) address the issue of entrepreneurship in the institutional setting of politics. Pauly and
disch, op. cit., study the issue in the context of physician control of hospitals.

. This question is posed, but not answered, by Victor R. Fuchs, "Some Notes Toward a
eory of the Organization of Production," unpublished manuscript, 1969. He also includes a
urth sector — household. Weisbrod, op. cit., deals with this question, focusing attention on
effects of changing levels of income in conjunction with consumer preferences for collec-
e-type goods vis-a-vis private-type goods.

. Dickinson, op. cit.

. In practice, this distinction is blurred, since many nonprofit organizations make grants to
her organizations within the voluntary sector (for example, the United Way).

. Estimates derived from these tax returns for 1962, a decade earlier than our work, were
ported in U.S. Congress, House Committee on Ways and Means, "Treasury Department Report
Private Foundations" (Washington, D.C.: Government Printing Office, 1965). See especially
bles 10 and 11.

. In correspondence (April 1, 1974) with a representative of the Office of Tax Analysis, U.S.
easury, we were informed that "the total of 1,313,848 (activity code listings) is just about
ice the actual number of returns." In the absence of a more precise count, we used the
mber 650,000 as the total number of organizations.

17. The IRS is in the process of computerizing the Form 990 returns. It may be possible bef
long to obtain data for all filers, making it unnecessary to estimate totals from a sample, as
have done.

18. Laurits R. Christensen and Dale W. Jorgenson, "Measuring the Performance of the Priv
Sector of the U.S. Economy, 1929-1969," Social Systems Research Institute Paper 7306 (M
son: University of Wisconsin, Social Systems Research Institute, February 1973).

19. Our estimation method is described in Appendix D. In contrast to our systematic samp
procedure, the *Giving USA* total is based on a survey of major foundations. Their method
imputation for small foundations' grants is not specified in their published reports; howeve
appears, from the language used, that the AAFRC uses some undescribed rules of thumb
intuition to make its estimates of total foundation activity from the surveys of a relatively sn
number of large foundations:

> A year ago, grants from foundations were estimated for 1972 at $2.2 billion, an increase
> of 7.3 percent over 1971. The estimate was based on an AAFRC survey of 31 leading
> foundations, which reported an increase of 3.6 percent in grant payments for 1972 over
> 1971 and *some knowledge of greatly increased grants to be reported later in the year by*
> *one foundation. An additional factor taken into account* was the increased payout requirement under the Tax Reform Act of 1969.
>
> At year-end, AAFRC did a second survey to include 24 additional foundations with their
> 1971 and 1972 grant payments; it was found that when the totals were added to the 31
> foundations surveyed earlier, the 55 foundations all together had made grant payments of
> $715.6 million, an increase of 14.1 percent over their 1971 grant payment total of
> $627.9 million. This represented $87.7 million, more than half of the $150 million added
> to the 1971 figure for total foundation giving—*too large a share, it is felt, to be realistic.*
> Our 1972 estimate has thus been changed to $2.36 billion, up $310 million from 1971.
> These 55 foundations surveyed, then, would account for 30.3 percent of total foundation
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20. A 1968 study by Ralph Nelson estimated the asset holdings of 5,454 foundations to be
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21. The 990-PF returns are presently more accessible through the availability of aperture ca
from the IRS and the Foundation Center. Furthermore, the Foundation Center's computer
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A STUDY OF RELIGIOUS RECEIPTS AND EXPENDITURES IN THE UNITED STATES

INTERFAITH RESEARCH COMMITTEE OF THE COMMISSION ON PRIVATE PHILANTHROPY AND PUBLIC NEEDS

Foreword

One of the initial goals of the Commission on Private Philanthropy and Public Needs was to survey the charitable sector in the United States to determine what are the activities and needs of the organizations in that sector. An immediate problem that early became apparent to the Commission was that only a very small amount of information was available with regard to the activities and finances of religious organizations.

This absence of information prompted a research study specifically designed to obtain general information on the financial operations of religious organizations. The goals of this study were very fundamental. A principal concern was to determine the relative volume of financial support received by religious organizations and the nonsacramental expenditures of such organizations. In addition, information on the allocation of nonsacramental expenditures was sought in order to determine the extent to which religious institutions overlapped into more nonreligious fields such as health, education, and social welfare. Finally, there was a need to gather a variety of other information about the religious community that was relevant to the concerns of the Commission. Such information included the extent of contributed services and their importance to the religious community, the use of appreciated property for gifts to religious institutions, and the extent of international activities by American religious organizations.

As a result of these pressing information needs, the Interfaith Research Committee was formed in 1974 to attempt to establish a comprehensive data base on the religious community. The committee worked on a voluntary basis through the major religious faiths – Jewish, Catholic, Protestant, and Mormon – in order to maintain the maximum credibility for its study. Each faith was asked to do a study, within prescribed guidelines, of its financial activities. These individualized studies were then combined into an overall report which was prepared by representatives of the three major participating faiths (Jewish, Catholic, and Protestant). All of the information collected was gathered under the general guidelines of the questionnaire and instructions (see Appendix). The questionnaire was designed to derive the necessary information while maintaining the maximum degree of uniformity possible within the study.

The Summary Report (Chapter I) of the Interfaith study was written by S. Peter Goldberg (Council of Jewish Federations and Welfare Funds, Inc.), Douglas W. Johnson (Office of Research and Evaluation and Planning, National Council of Churches), and Russell Shaw (United States Catholic Conference). The report on Protestant and Orthodox Churches (Chapter II) was prepared by Douglas Johnson, through the National Council of Churches. The United States Catholic Conference and the National Conference of Catholic Bishops submitted the report on Catholic Agencies; Douglas Johnson prepared the report on Catholic Parishes (Chapter III). The reports on Jewish Agencies and Jewish Synagogues (Chapter IV) were prepared, respectively, by S. Peter Goldberg, through the Council of Jewish Federations and Welfare Funds, Inc., and Edward Fingerhood, through the Institute for Jewish Policy Planning and Research of the Synagogue Council of America.

The Interfaith Research Committee was composed of 10 representatives of the major religious faiths who were chosen on the basis of their ability to represent their faith and to provide the necessary input to the study:

Brother Joseph Berg
Assistant Executive Director
National Conference of Catholic Charities

Mr. Philip Bernstein
Executive Vice President
Council of Jewish Federations and Welfare Funds, Inc.

Mr. S. Peter Goldberg
Assistant Director
Council of Jewish Federations and Welfare Funds, Inc.

Mr. Thomas Hinton
Executive for Finance & Administration
United States Catholic Conference

Dr. Douglas W. Johnson
Associate for Planning & Research
Office of Research, Evaluation and Planning
National Council of Churches

Dr. Arleon Kelley
Associate Executive Director
Commission on Regional and Local Ecumenism
National Council of Churches

Dr. J. Allan Ranck
Associated General Secretary for Program Planning
National Council of Churches

Mr. Ira Silverman
Executive Director
Institute for Jewish Policy Planning and Research

Mr. John H. Vandenberg
Assistant to Council of the Twelve
Church of Jesus Christ of Latter Day Saints

Dr. Alan Waltz
Associated General Secretary
The United Methodist Church

The principal funding for the Interfaith Research Committee was provided by the Pew Memorial Trust of Philadelphia. The Committee is grateful for the financial backing of the Pew Memorial Trust and the general backing of the Commission on Private Philanthropy and Public Needs which made this ground-breaking study possible. Only through grants such as these can new, and often expensive, projects of value to the American public be undertaken.

In conducting the research for this study numerous problems were encountered. These problems are noted here because of their importance in both understanding the difficulty of producing the report and anticipating the obstacles that may be encountered by anyone who attempts a similar project in the future.

As mentioned earlier, the most crucial problem was a general lack of information. Religious organizations are exempted from almost all federal and state reporting requirements and generally do not keep highly accurate records of their financial affairs. Moreover, the accounting systems used by religious organizations vary greatly, and attempting to derive comparable figures from the varying accounting concepts and from the minimal records kept is extremely difficult. In addition, many religious organizations maintain separate funds for specific projects, and it is often difficult, if not impossible, to learn about all of the separate funds under the umbrella of a given church or synagogue.

Two other problems that should be mentioned are those of definition and confidentiality. There exists no satisfactory definition of religion or religious organization. This, coupled with the great overlap in charitable activities of religious organizations and those of other private organizations, makes it extremely difficult to determine the proper parameters of a survey of religious organizations. Second, many religious organizations view their financial activities as being confidential. (See the note preceeding the "Report of the Church of Jesus Christ of Latter Day Saints".) Under present law, this is the right of any religious organization, and such confidentiality is not questioned here. However, in any study that attempts to gather religious financial information, it should be realized that considerable amounts of information will simply not be available.

Notwithstanding the foregoing problems, the Interfaith Research Committee, through a sincere and concerted effort by its members, has produced a study that should be regarded as the most thorough work in this field to date. The committee, given the constraints on time, organization, and finances, is to be commended for producing such a valuable report. A major value of this work is that it opens the door for further investigation of an area that has never before been fully examined.

Stuart M. Lewis
Project Coordinator

I

SUMMARY REPORT

Introduction

In authorizing and sponsoring this study, the Commission on Private Philanthropy and Public Needs sought to provide current, accurate information on the pattern of giving and nonsacramental expenditures of religious bodies in the United States and to verify, update, correlate, and add to existing data on religious life. Its focus was the sources of income, the extent of nonsacramental expenditures, and the importance of contributed services for the nation's three major faiths – Jewish, Catholic, Protestant.

An area of particular interest was the sources of income for religious bodies. It has been a practice of government to allow tax deductions for contributions to religious bodies. While the records of nonprofit agencies and institutions other than churches have been available to make gross estimates of giving, comparable records for religious bodies have not. One aim of this study was to provide as much accurate information as possible from congregations to add to the data available from the larger religious agencies for an estimate of total giving by individuals and others to such institutions.

A second area of interest was the amount of money, or its equivalent in services, provided by churches for nonsacramental activities. By this is meant those activities that do not concentrate on spiritual well-being, education in the faith, or worship.

The underlying concern of the Commission was to demonstrate the manner in which religious institutions contribute humanitarian services through their programs. It is assumed that when services to people are provided through the private sector, the burden on the public sector is thereby lessened; the public sector is relieved of the need to initiate new programs and public financial resources can be directe toward needs presently not being met.

The study's third focus was on contributed services, that is, services performe by individuals for religious institutions. In religious institutions these services are crucial not only for the continuance of the organizations but also for service programming. Rough estimates of magnitude were used to show the importance of contributed services to the furtherance of humanitarian programs of religious institutions.

Serveral pieces of information regarding these three areas of concern were available prior to the study. These were utilized and are noted at appropriate points in the report. The data available, however, were incomplete, not readily comparable for the three major faith groups and thus not fully adequate for the purposes of this study.

Information for the present study was collected through special fieldwork projects among selected congregations in the three faiths. Sampling procedures were designed to reflect a cross section of the various types of congregations. Lack of time and money limited the comprehensiveness of the field projects, but basic data were collected.

The data derived from the survey of local congregations were used to develop projections of gross estimates of income and nonsacramental expenses for congregations of the three faiths. Opportunity for error is generally high when little is known about the population being sampled, which was the case in this study. The determination to concentrate the sample of congregations in 10 metropolitan areas was largely based on an earlier study that showed regional concentrations of ecclesiastical offices.[1] Comparisons of data collected from local congregations and existing data were made where possible to test the direction and magnitude of the projections. Corrections in the projections were made as a result of these comparisons and other knowledge of religious institutions.

The Commission's desire to provide an adequate base for projection has been met; even with the problems of sampling and limited access to information, a data base has been established. The information in this report provides the Commission and the nation with an indication of the importance and variety of the contributions of religious institutions to the humanitarian activities of national life.

Diversity in the Religious Community

The Interfaith Research Committee, established by the Commission to oversee and conduct the study, was aware of the tremendous diversity among, as well as within, the three major faiths. The nature of religion as practiced in a free society carries with it the potential for fragmentation of existing religious institutions. Various interpretations of religious events, traditions of religious practices, and the emotional attachment of believers to certain ideas and concepts can, individually or collectively, promote the establishment of new groups of followers either within or without the existing institutions.

The Jewish community, the most ancient of the religious expressions included in this study, contains three significant strands which reflect different interpretations of doctrine based on a common heritage. Individual synagogues generally attach themselves to one of the three strands—Orthodox, Conservative, or Reform. This does not mean that all of the persons in each synagogue are in total agreement about the details of each belief or interpretation. Neither does it assume full acceptance of all the beliefs and practices of all the other synagogues in that tradition. It does mean that there is an allegiance to a common set of beliefs and traditions. But this commonality does not inhibit diversity.

The Protestant community allows, and even promotes, the free expression of new interpretations of belief and practice. This usually results, over time, in the establishment of new religious groups either within existing institutions or as separate institutions. For Protestants, personal interpretation of basic beliefs is generally more important than is a common heritage.

The Catholic Church, although existing as a single, international religious entity and thus not manifesting diversity in the same manner as Judaism and Protestantism, is particularly adept at providing for pluralism within its structures. Organizationally, this is reflected in ethnic parishes, religious orders, and varied diocesan emphases within the Catholic Church.

The diversity in the religious community in the United States is generally accepted but not often openly recognized. While such diversity is often a positive social force, it makes understanding and estimating the influence of religious bodies a complex task.

In seeking to develop an adequate data base for projecting the financial resources available to and used by the multiplicity of religious institutions in the nation, the Filer Commission took a large step in assisting the public to comprehend the impact of religious life, belief, and institutions in our society.

Charity and Benevolence

It is estimated that 62.4 percent of the population of the United States belongs to a religious congregation.[2] Of these 131 million persons, approximately 75 million are Protestant, 48 million Catholic, 5.7 million Jewish, and 2 million members of The Church of Jesus Christ of Latter Day Saints (usually classified as part of the Protestant faith). Since each person relates to a local institution, the focus of the religious institution is always local.

The three major faiths teach and expect that a religious person will help others through voluntary gifts and services. Although the methods of collecting money and providing services vary from group to group, the emphasis on charity is common to the religious communities. While the Jewish faith's three major strands have doctrinal differences, these differences do not prevent them from working together at certain levels with regard to charitable activities, domestic and international. The Catholic Church, organized in a series of dioceses presided over by bishops who have a great deal of autonomy, structurally overcomes the possibility of fragmentation through common agencies in the areas of education, health, and social welfare which tie together in a larger context the individual emphasis of each of the dioceses. The Protestant community, composed of a series of denominations each with its own autonomous structure and each with its own network of autonomous local church bodies, has associations and procedures whereby even the most independent local church can provide money for domestic and international humanitarian activities through the larger church group.

Thus in spite of the differences among the three faiths and the diversity within each of them, there is a common concern for benevolence that unites, albeit in a tentative way, the diverse elements within the religious community.

Survey Methodology

The primary task of the Interfaith Research Committee, working closely with the staff of the Filer Commission, was to develop a survey methodology that would take into account the diversity within and among the three faiths and, at the same time, provide comparable data. Data were collected for the year 1972, the period for which it was most feasible to secure complete information.

The Interfaith Committee constructed a questionnaire which was used by each of the faiths in its data collection processes (see Appendix). The questionnaire included questions about activities at all levels of the institutions (local, regional, and national), as well as those of related agencies. It was understood that the data collection instrument would in most situations require a recomputation of figures available from congregation or agency records. Experience proved this to be true. The recomputation was more complete in some cases, especially local congregations, than in others.

The Catholic data collection process at the national level concentrated on four organizations: The Catholic Hospital Association, the National Catholic Educational Association, the National Conference of Catholic Charities, the United States Catholic Conference and National Conference of Catholic Bishops (the latter two being twin organizations sponsored by the Catholic hierarchy). These agencies deal with organized nonsecular activities of the church and do not reflect the income and nonsacramental activities that occur solely in local parishes. (This information was derived from the survey of local Catholic parishes.)

The Protestant report is based on data secured in local situations and verified by other sources of information. Church-related agencies, such as regional charitable organizations and homes for the aged, are included only in terms of the money that flows through the local church and denominational treasuries. No separate survey was made of such related agencies. Other figures included in the Protestant study illustrate the extent of the activities of church-related agencies, but no overall projections are made. The data from such institutions are not regularly compiled for the Protestants, as they are for comparable agencies of the Jewish and Catholic faiths.

The Jewish data reflect information collected through the Council of Jewish Federations and Welfare Funds, as well as a special study of congregations conducted by the Synagogue Council. The Council on Jewish Federations and Welfare Funds prepares annual financial and service reports which encompass most Jewish nonsacramental activities, primarily those that occur outside the synagogues. The Synagogue Council, in its special study, secured information regarding sources of income and nonsacramental activities at the synagogue level.

Projections

The projected dollar figures contained in this report tend to be conservative, for four reasons:

First, the projections reflect an effort to show the tremendous amounts of money that *flow through* religious institutions for uses that are considered to be outgrowths of personal religious commitment. While much of the money taken in through the religious institution is used by the institution for its own sacramental purposes, such as worship and education in the faith, a considerable amount is used for activities that in the secular world are considered to be humanitarian. Defining what is a nonsacramental activity and then determining the percentage of dollars spent on nonsacramental activities is difficult.

Second, in addition to structured activities for which dollar amounts could be computed, church leaders provide counseling and other services for the community. These are not included in this study as nonsacramental expenditures since churches and synagogues expect their leaders to perform such services and do not consider them nonecclesiastical in nature.

Third, certain Protestant groups perform services that may be considered by others as nonsacramental but are viewed by them as sacramental or as an expression of the outreach of their own commitment. Interviewees in several local churches indicated that no money was spent for nonsacramental activities; but when they were questioned further, it was discovered that many of these churches' programs included assistance to non-church members in forms such as drug rehabilitation, personal grooming and job interview education, personal and vocational counseling for individuals and families of minority or ethnic groups. Since these denominational groupings did not consider the activities to be purely humanitarian in nature, however, the money equivalents were not treated as nonsacramental in the reported data.

A final factor contributing to the conservative projections is the budgeting systems of local congregations. In many local congregations money received for special projects is handled by semi-autonomous agencies or groups and is therefore outside the normal flow of the church treasury. This is true at the regional level and in the Council of Churches, where special project monies may amount to several hundred thousand dollars.

Most of the religious bodies examined in this report conduct fund-raising campaigns that usually promote as the motive for giving a religious command or expression. Campaigns conducted at the local level tend to raise small amounts from large numbers of persons. These funds flow through the local churches or synagogues for various charitable activities. Fund-raising appeals by church-related agencies also reach many people, but they rely on larger gifts. The motivation appealed to here, while based on religious commands and humanitarianism, includes tax deductibility.

Religious-Related Agencies

Financial Receipts

The first presentation of data is for religious-related agencies. These agencies function under the auspices of religious institutions and receive substantial support through religious channels. Jewish and Catholic national agencies regularly receive and record information from regional and local institutions of this sort; Protestant figures are not collected at the national level.

As shown in Table 1, an estimated $7.5 billion was received by Jewish and Catholic religious-related agencies in 1972. Of this, 70 percent was derived from service fees, government payments, and community funds and 12.5 percent from gifts and bequests from individuals. Jewish agencies were more dependent on individual gifts than were Catholic agencies. Individual contributions represent a larger proportion of the income of Protestant agencies than of Catholic agencies but account for a considerably smaller proportion of income than in Jewish agencies.

The individual data suggest significant differences in the funding systems of religious-related institutions in each of the faiths. The sponsorship of many Protestant service institutions has in recent years moved outside the church. While such institutions receive contributions from denominational sources, the bulk of the support comes from service fees, government or community grants, and individuals. The underlying philosophy of the service agency in the Protestant Church is that it must make it on its own with minimal assistance from the original sponsoring church body. There are, however, important exceptions, including the agencies of the Seventh Day Adventists and benevolence activities of The Church of Jesus Christ of the Latter Day Saints.

Table 1

Financial Receipts of Religious-Related Agencies for the Three Faith Groups, 1972 (in millions of dollars)

	Jewish[a]		Catholic[b]		Total[c]		Protestant[d]	
	Projected $	%	Projected $	%	Projected $	%	Actual $	%
Individual gifts	$ 554.8	29.1%	$ 247.9	4.4%	$ 802.7	10.6%	$ 27.4	11.0%
Individual bequests	14.9	0.8	129.0	2.3	143.9	1.9	4.7	1.9
Corporate grants	-	-	14.4	0.3	14.4	0.2	-	-
Foundation grants	-	-	16.8	0.3	16.8	0.2	6.0	2.4
Religious institution grants[b]	-	-	679.3	12.0	679.3	9.0	5.3	2.1
Endowment earnings	9.6	0.5	36.4	0.6	46.0	0.6	1.3	0.5
Service fees	679.9	35.7	3,607.9	63.9	4,287.8	56.8	181.5	72.7
Government payments	549.4	28.9	395.7	7.0	945.1	12.5	0.1	0.0
United Way/ Community Fund	24.6	1.3	40.7	0.7	65.3	0.9	17.9	7.2
Other	70.6	3.7	477.0	8.5	547.6	7.3	5.4	2.2
TOTAL	$1,903.8	100.0%	$5,645.1	100.0%	$7,548.9	100.0%	$249.6	100.0%

a. Corporate and foundation grant figures are incorporated under "individual gifts."
b. This money comes from dioceses, national and regional sources, and parishes.
c. The total does not include Protestant figures. It is likely that the Protestant figures alone would exceed the totals given here.
d. Data from 6 regional and 3 national agencies. Presented for illustrative purposes only; not included in total.

The Jewish Community emphasizes a continuing personal commitment to service gencies. Fund raising in the Jewish field, as noted later in the report, is centered pon individual gifts. The reliance of Jewish agencies upon large contributions is nderscored in the data reported by the Council of Jewish Federations and Welfare unds. Slightly more than 80 percent of all contributions were for more than 1,000, and the top 10 percent of the givers contributed 86 percent of the money ecorded as gifts. There is heavy reliance upon gifts of property, given either irectly or indirectly through foundations. The kind of gift received varies with the ype of service institution. Service fees and government payments were very mportant for health service agencies, while individual contributions tended to be irected toward welfare and educational programs.

Catholic service agencies receive 12 percent of their income either directly or ndirectly from the parish, which is the center of Catholic life. Another 8 percent is enerated through bazaars, bingo, raffles, and the like. Catholic agencies rely heavily n service fees, which account for nearly two-thirds of their total income. As noted bove, individual gifts are less important than in either Jewish or Protestant service gencies. As with the Jewish agencies, the type of institution dictates the type of upport relied upon for income. For instance, Catholic elementary education rograms are heavily dependent upon parish subsidy, while universities are financed rimarily through fees and tuition. Health services rely on service fees, government ayments, and individual bequests. Diocesan charitable agencies depend on government payments, service fees, United Fund, and special gifts and endowments, in ddition to contributions from all members of the dioceses. In all cases, the parish hurch provides money to the agencies.

The various dependencies for contributions illustrate the differences in funding atterns of Jewish and Catholic agencies. It is estimated by the Catholic agencies hat 45 percent of the individual gifts for education and health organizations are 1,000 or more, while 30 percent are less than $500. Catholic educational instituions — including elementary, secondary, and higher education — report that the top 0 percent of the givers supply only 15 percent of their total financial support. In ontrast, Jewish agencies rely more on large gifts and, accordingly, a smaller number f contributors. These figures reflect two differences in the Catholic and Jewish eligious communities: First, Catholics in the United States are eight times as umerous as Jewish adherents. Second, and more fundamentally, the individual, giving through a federated structure, is the locus of charitable contributions in Judaism, while the parish, in conjunction with the diocese, is the agent for charity in Catholicism. The parish encourages individuals to contribute to or take part in fund-raising events which allow them to give while receiving something in return. In short, the institution in Catholicism provides a social context for giving, while in Judaism the individual is asked to give proportionate to the blessings bestowed upon him or her.

This analysis of institutional processes reflects only one aspect of giving. As noted elsewhere, giving in both Catholicism and Judaism finds its roots in religious teachings; the motive for giving remains religiously inspired, whatever the mechanism.

Nonsacramental Expenditures

The programs of religious-related agencies are almost entirely composed of nonsacramental activities; education, social welfare, and health are the major focus of these organizations. The data in Table 2 provide the composite nonsacramental expense figures for Catholic and Jewish activities and illustrative information for Protestants.

Table 2

Nonsacramental Expenditures of Religous-Related Agencies, the Three Faith Groups, 1972
(in millions of dollars)

	Jewish		Catholic		Total		Protestant[a]	
	Projected $	%	Projected $	%	Projected $	%	Actual $	%
Health	$1,150.5	71.8%	$2,329.8	43.8%	$3,480.3	50.3%	$ 31.2	16.7%
Social welfare	363.6	22.7	279.7	5.3	643.3	9.3	80.0	42.6
Education	65.9	4.1	2,646.0	49.7	2,711.9	39.2	44.9	23.9
Community-wide	15.3	1.0	53.9	1.0	69.2	1.0	17.8	9.5
Public affairs	5.0	0.3	9.3	0.2	14.3	0.2	0.3	0.1
Culture	2.5	0.1	-	-	2.5	0.0	-	-
Environment	-	-	0.1	0.0	0.1	0.0	13.6	7.2
Science	-	-	2.6	0.0	2.6	0.0	-	-
Total	$1,602.8	100.0%	$5,321.4	100.0%	$6,924.2	100.0%	$187.8	100.0%

a. Illustrative data only; not included in total.

The great majority (72 percent) of Jewish nonsacramental expenditures is in the health field. Social welfare accounts for 23 percent of expenditures, and most of the remaining goes to education (4 percent).

The Catholic Church has long been noted for its schools and hospitals. The data in Table 2 reveal that these are indeed the primary recipients of institutional monies; about 50 percent of the Catholic expenditures are for education and 44 percent are for health. Included in these figures are the services of religious leaders (Brothers, Sisters, priests) who serve as educators, administrators, nurses, and in other capacities in education and health programs. Social welfare activities are conducted less frequently by Catholic agencies than by Jewish agencies.

Contributed services are quite important for both Catholic and Jewish agencies. Volunteers perform a variety of services, from being members of boards and agencies to assisting in hospitals and educational institutions.

The illustrative Protestant data suggest the importance of social welfare activities among these agencies (43 percent of total nonsacramental expenditures are used for this purpose). Education and health account for the next largest percentages of expenditures.

Jewish agencies transmitted $313 million overseas (including $270 million for welfare and education and $40 million for health). Catholic agencies transmitted $125.5 million overseas. National Protestant denominations sent an estimated $24.5 million overseas, much of which went for education and social welfare.

Congregations and Denominations

The local church or synagogue represents a congregation which performs at least some sacramental services. The distinction between a religious institution and a religious-related institution is that the latter is considered to be a service outreach agency of the former.

In the Protestant and Catholic communities, the local congregation is related to national (denomination) agencies and regional (dioceses) agencies, which perform services for the congregation. These services include providing religious education materials, education for the ministry, promotion materials, training events for laity and serving as a conduit for funds and personnel for international activities. The denominations and dioceses also handle contributions from local churches and parishes to the various religious-related agencies. (The magnitude of such contributions in the Catholic community can be estimated by examining the data on religious agencies presented in Chapter III. The extent of this support in the Protestant community is not reported on here.)

Financial Receipts

Procedures for funding the local parish/congregation are somewhat different in each of the three faiths. The main source of income for all faiths is individual gifts, whether in the form of assessments, pledges, or free-will offerings. In 1972, $11.4 billion in individual gifts and $236 million in bequests was collected by the churches and synagogues covered in this report (see Table 3). Endowment earnings accounted for slightly more than $400 million, while "other" funds (from bazaars, dinners, sales, use of reserves, bingo, and so forth) came to $421 million. Relatively small amounts of the income of local congregations came from corporate or foundation grants or from the United Way/Community Fund channel.

The financial data for all three faiths indicate a dependence at the local level upon the commitment and support of the individual church member. The strong reliance upon individual givers is evidenced in the size of the annual contributions in

Table 3

Projected Income for Congregations (and Denominations) for the Three Faith Groups, 1972[a] (in millions of dollars)

	Catholic	Jewish	Protestant	Total	Percent
Individual gifts	$2,455.5	$180.9	$8,754.4	$11,390.8	91.2%
Individual bequests	36.6	-	199.5	236.1	1.9
Corporate/ Foundation gifts	-	-	38.6	38.6	0.3
Endowment earnings	25.3	-	378.4	403.7	3.2
United Way/ Community Fund	2.8	-	1.7	4.5	0.0
Other	281.3	15.9	123.6	420.8	3.4
Total	$2,801.5	$196.8	$9,496.2	$12,494.5	100.0%

a. Based on detailed reports; does not include service fees or government payments.

relation to other sources of support. The data in Table 4 show that the bulk o giving in each of the faiths comes from persons who contribute less than $500 pe year. The Protestants are more heavily dependent on large individual contribution than either the Catholics or Jewish. This may be due to the emphasis by Protestant in stewardship training and fund-raising techniques.

Table 4

Size of Gifts from Individuals, by the Three Faith Groups, 1972

Size of Gift	Catholic	Jewish	Protestant
Less than $500	90.1%	80%	62%
$500-1,000	8.0	15	22
Over $1,000	1.9	5	16

Percent of Total Financial Support Provided by the Top 20% and 10% of Givers, by the Three Faith Groups, 1972

	Catholic	Jewish	Protestant
Top 20% of givers	45%	50%	52%
Top 10% of givers	24	25	32

The percentage of total income given by the top 20 percent and top 10 percent of givers is also shown in Table 4. In each of the three faiths approximately 50 percent of the income at the congregational level comes from the top 20 percent of the givers, and about 25 percent of the income is provided by the top 10 percent.

Nonsacramental Expenditures

Nonsacramental expenditures reported for the congregations and denominations totaled $2.2 billion in 1972 (see Table 5). Education represented the largest single percentage of those expenditures, 37.6 percent or $838 million. The Protestant contributions to church-related educational institutions and the expenditures for Jewish day schools are both included in these data and constitute the bulk of the parish and denominational educational expenses for these faiths. (In both cases, the flow of money to educational institutions is from members of local congregations.) These figures do not include the significant amount of educational expenditures of Protestant church-related institutions at the regional and national level.

Table 5

Projected Nonsacramental Expenditures for Congregations (and Denominations) for the Three Faith Groups, 1972
(in millions of dollars)

	Catholic	Jewish	Protestant	Total	Percent
Health	$ 14.2	$ -	$ 281.7	$ 295.9	13.3%
Social welfare	147.1	8.4	308.6	464.1	20.8
Education[a]	37.8	150.6	649.6	838.0	37.6
Communitywide	87.4	-	413.6	501.0	22.5
Public affairs	6.8	-	59.3	66.1	3.0
Culture	14.6	-	44.5	59.1	2.6
Environment/ conservation	1.9	-	1.7	3.6	0.2
Science	-	-	0.1	0.1	0.0
Total	$309.8	$159.0	$1,759.1	$2,227.9	99.9%

a. Excludes Catholic educational system; includes Jewish Synagogue schools.

Health expenditures for Catholic and Protestant denominations and congregations totaled $295.9 million. Representative health activities are mental health counseling, assisting individuals with medical expenses, baby health clinics, day care facilities, various types of medical testing, and blood drives. (The kinds of health activities in each of the faiths are described in subsequent portions of the report.)

In the field of social welfare, which accounted for $464 million of expenditures, youth programs are very important. Other typical social welfare programs are contributions to homes for the aging, counseling services, assistance to help children pay for school lunches, hot-meal programs for shut-ins and the elderly, emergency housing and clothing assistance, assistance to alcoholics, and drug programs.

Expenditures for communitywide activities amounted to $501 million. These activities usually involve the use of church facilities as meeting places for community groups and organizations. Scouting programs, job location programs for minorities, and information and referral services concerning jobs and legal help are other examples of communitywide activities of local congregations.

Public affairs expenditures, totaling $66.1, are usually for radio programming and newsletters. Synagogues sponsor lecture series of interest to the general community. In most local situations, contributions of money or leadership are provided to civil rights groups, interracial councils, or other special interest groups that the church determines it should support.

Cultural activities expenditures of $59.1 million involve mostly the use of space and facilities by cultural groups in the community. Congregations also sponsor tours and organizations in music, drama, and art. Environment and conservation activities, with expenditures of $3.6 million, include community clean-up campaigns, recycling ventures, and sponsorship of environmental groups.

Contributed Services

In the three faiths contributed services are essential for the ongoing work of th congregations in each of the nonsacramental program areas. Most of the congregations have limited paid staff, and volunteers constitute the major part of the leadership for all activities.

Composite Report

Financial Receipts

The total receipts for the three faith groups as projections and as actual dollar (actual, non-projected dollars are given only for Protestant church-related agencies come to $19.7 billion. Excluding service fees, federal government payments, an United Way or Community Funds, which represent charitable and not necessaril religious giving, the total is $14.1 billion. (See Table 6.)

Table 6

Total Receipts for the Three Faith Groups, 1972[a]
(in millions of dollars)

	Catholic	Jewish	Protestant	Total	Percent
Individual gifts	$2,703.4	$735.7[b]	$8,754.4	$12,193.5	86.7%
Individual bequests	165.6	14.9	199.5	380.0	2.7
Corporate and foundation grants	31.2	-	38.6	69.8	0.5
Endowment earnings	61.7	9.6	378.4	449.7	3.2
Other	758.3	86.5	123.6	968.4	6.9
Total	$3,720.2	$846.7	$9,494.5	$14,061.4	100.0%

a. Excludes service fees, United Way/Community Funds, government payments.
b. Includes corporate and foundation grants.

This total figure does not include a fair estimate of Protestant church-related agencies but does represent money channeled to those agencies through the denominations. Neither does the total represent religious-institution grants for parish subsidies because this money tends to be cycled within the system rather than originating from a source outside the church structure.

From Table 6 it is seen that 87 percent of the total $14.1 billion in income for the three faiths came from individual gifts. Other sources, including indirect contributions through fund-raising activities of the local congregations or money drawn from reserves, represented 7 percent of total income. Individual bequests and endowment earnings together represented 6 percent of total receipts, while corporation and foundation grants constituted about .5 percent.

Giving U.S.A., published annually by the American Association of Fund-Raising Counsel, estimated a total of $9.44 billion in contributions to religious institutions in 1972 compared with this study's projection of $14.1 billion. A primary reason or the difference in the two figures is that *Giving U.S.A.* uses a more limited data ase. If we focus only on individual gifts, recorded from parishes or congregations nly (see Table 3), the difference between the *Giving U.S.A.* estimate and our timate is reduced to approximately $1.9 billion.

When one begins to examine the total religious community *as defined by the ligious community,* the data in this report are substantially different from those esented elsewhere. A part of this is obviously due to definition: Some of the ligious-related institutions reported on in this study would be treated in other udies as health, welfare, and educational institutions.

onsacramental Expenditures

The total nonsacramental expenditures for religious-related agencies, congregaons, and denominations in all three faiths is $9.3 billion. (See Table 7.) The bulk these expenditures, as can be seen from Table 2, is made through religious-related stitutions.

Table 7

Total Nonsacramental Expenditures for the Three Faith Groups, 1972
(in millions of dollars)

	Catholic	Jewish	Protestant[a]	Total	Percent
Health	$2,344.0	$1,150.5	$ 312.9	$3,807.4	40.8%
Social welfare	426.8	372.0	388.6	1,187.4	12.7
Education	2,683.8	216.5	694.5	3,594.8	38.5
Communitywide activities	141.3	15.3	431.4	588.0	6.3
Public affairs	16.1	5.0	59.6	80.7	0.9
Culture	14.6	2.5	44.5	61.6	0.6
Environment/ conservation	2.0	-	15.3	17.3	0.2
Science	2.6	-	0.1	2.7	0.0
Total	$5,631.2	$1,761.8	$1,946.9	$9,339.9	100.0%

a. Generally underestimates expenditures of church-related institutions.

The two main categories of nonsacramental expenditures are health and ducation. In both of these areas, the Catholic Church expends far more than the ther institutions, denominations, and congregations reported on in this study. The rotestant community spends a relatively large proportion of its money on ommunitywide activities (an area second only to education).

The data in the report suggest that the religious institution, through contributed rvices, low-cost leadership, and community use of facilities, provides a considerble amount of money beyond that previously shown for such charitable expendiures in the United States.

It must be stressed that the terms "sacramental" and "nonsacramental" are used this report to describe certain types of charitable giving and expenditures. Many the activities identified here as nonsacramental are actually engaged in by the ligious leaders. In addition, in the Catholic community nonsacramental activities are often conducted through religious apostolates, especially by religious orders Catholic men and women.

There is little doubt that the amount of money contributed to religious instit tions and given back in service to the community is especially significant wh weighed against what these or similar services would cost if supplied by governme or private non-religious institutions.

II

REPORT ON PROTESTANT AND ORTHODOX CHURCHES

Summary of Findings

The projected income for Protestant and Orthodox communions and major sta and city councils of churches in 1972 was $9.49 billion.

Projected (Nonduplicating) Income
For Protestant and Orthodox Communions, 1972

Local churches	$9,380,662,181
Regional denominational bodies	39,736,795
Major state and city Councils of Churches	5,443,200
National denominational bodies	70,472,270
	$9,496,314,446

The projected nonsacramental expenditures for the Protestant and Orthodo communions and major state and city Councils of Churches in 1972 was $1.7 billion, or 19 percent of total income.

Projected Nonsacramental Expenditures
For Protestant and Orthodox Communions, 1972

Local churches	$1,513,632,910
Regional denominational bodies	49,990,804
Major state and city Councils of Churches	4,737,600
National denominational bodies	190,823,588
	$1,759,184,902

Most of the overseas-designated funds in Protestant and Orthodox communions channeled through national agencies. For 1972 these funds are projected at $49. million, or approximately 7 percent of the national denominational income (se Table 14).

Education (36.6 percent) is the largest recipient of nonsacramental fundin followed by community activities (23.7 percent), social welfare (17.4 percent), an health (16.5 percent).

Church-related institutions at the regional level, which are not included in th projected data because most of their income is from service fees or governme grants, conduct most of their activities in the areas of social welfare and communit activities.

There is a division of labor or interest among the various levels of the church Church-related institutions and ecumenical bodies in general are conduits fo programs that can best be done across communion lines. Denominational bodi continue to fund activities akin to their historical emphases of education an community involvement.

General Description of the Protestant and Orthodox Communions

It is estimated that there are between 200 and 250 denominations or clusterings of congregations in the United States. *The Handbook of Denominations in the United States* (1970, 5th edition) describes approximately 225 of these groups. Of that number, 10 are Roman Catholic and other Catholic churches; 3 represent branches of Judaism; 1 is Buddhist, and 1 is Moslem. The remainder (approximately 210) are Protestant and Orthodox denominations.

The National Council of Churches' *Yearbook of American and Canadian Churches* (1974) reports statistics for 211 Protestant and Orthodox bodies in the United States. The Church of Jesus Christ of Latter Day Saints or the Mormons, which is included in the Protestant bodies, is treated separately here in Chapter V. Of the remaining 210 Protestant and Orthodox bodies, 18 are Eastern or Orthodox churches.

A predominant characteristic of this group of 210 denominations is its diversity. The denominations vary greatly in size and in scope (from local to national orientation); their forms of worship range from liturgical to very free.

Diversity in size is well illustrated within the Orthodox communions, which range from the Eastern Orthodox Catholic Church, with 265 members in 2 congregations, to the Greek Orthodox Archdiocese of North and South America, with a total of 1,950,000 members in 502 churches. The Protestant denominations range in size from the Church of Daniel's Band, with 200 members and 4 congregations, to the Southern Baptist Convention, with 12,065,333 members and 34,512 congregations.

For purposes of analysis, the 210 denominations can be grouped in five categories:

1. *Orthodox Communions.* The Orthodox churches share a common heritage dating back to 1054 when a split developed between the Pope of the Western Church at Rome and the Patriarch of the Eastern Church at Constantinope. The Eastern Church developed through various national heritages its own forms of liturgies and observances which are largely shared by all Orthodox churches. Major differences appear in language and locus of the heads of the churches.

The 10 Orthodox communions in the United States account for approximately 1,500 congregations with a total membership of 3,740,000. This membership represents approximately 5 percent of the total reported Protestant and Orthodox membership in the United States in 1972.

The church polity in the Orthodox churches is episcopal and hierarchical, with the ultimate authority placed in the head of the church. There is little congregational autonomy in terms of church polity, worship, and many other activities. Finances, however, are generally focused at the local level with benevolence activities centering on members of the congregation.

2. *Larger Protestant Denominations. The Yearbook of American and Canadian Churches* compiled 1972 financial and membership statistics for 39 of these denominations. Their membership was approximately 42.8 million in 116,000 congregations. This group of denominations contains what might be described as the "main-line" denominations. Although they vary in polity and theology, they represent the larger, more familiar church groups in the nation and tend to be national in scope.

In 1972, the two largest of these denominations were the Southern Baptist Convention and The United Methodist Church, with 12,065,000 and 10,334,000 members, respectively. These two denominations alone account for over one-half of the total membership of the 39 denominations. The next largest communions are the Episcopal Church, with 3.2 million members; the Lutheran Church in America, with 3 million members; the United Presbyterian Church in the USA, with 2.9

million members; The Lutheran Church-Missouri Synod, with 2.8 million members; and the American Lutheran Church, with 2.5 million members. Only four other denominations – the American Baptist churches, the Assembly of God, the Christian Church (Disciples of Christ), and the United Church of Christ – report more than 1 million members each. The 39 denominations in this group accounted for 63 percent of all of the Protestant and Orthodox members reported in 1972.

The polity of these groups ranges from an episcopal form of government to completely autonomous congregations. The national organizations vary in structure, from being closely interconnected at the national, regional, and local level to being an association of autonomous churches that share in joint activities at the descretion of the individual congregations. In each case, there are offices and bureaus at the national level which channel money to various social, economic, and spiritual activities at the national and international levels.

3. *Black Protestants.* The 10 major Black denominations for which membership statistics were reported had an estimated 13 million members in 54,000 congregations in 1972. This represents approximately 19 percent of the Protestant and Orthodox membership.

The Black denominations have essentially two kinds of polity: Three of the major communions are Methodist in background and polity and have an episcopal form of government; the remainder are Baptist in theology and polity and a congregational form of government. In most of these denominations, the national offices are small and much of the work is handled through the auspices of regional bishops. Education and foreign missions are most often the strongest national agencies in the Black communions.

In the present study, judgments concerning this group of denominations were made on the basis of knowledge derived from other sources: Black communions do not regularly report data, particularly on finances, and did not respond to this studys' inquiries.

4. *Protestant Associations.* These churches have joined together in a loose association for very limited purposes. They do not have a strong national or regional organization and are congregational in government. Several large associations are illustrative of this category of denominations. The *Yearbook of American and Canadian Churches* reported that there are approximately 18,000 Churches of Christ, with a combined membership of 2,400,000. Other similar organizations are the Conservative Baptist Association, with a reported membership of 300,000 in 1,127 congregations, and the Freewill Baptists, with a reported 200,000 members in 2,200 churches.

These groups, by their very nature, do not desire or develop strong organizational entities beyond the local or congregational level. Some do not keep any type of membership record. They tend not to have little, if any, national staff and often channel their missionary activities through existing cooperative groups or missionary organizations which are not directly related to a denomination. It is estimated that churches in these kinds of loose associations account for approximately 8 to 9 percent of the total Protestant and Orthodox membership.

5. *Small Protestant Denominations and Sects.* The fifth grouping consists of the smaller sect churches and unaffiliated, Protestant-type congregations. There is an association of independent fundamental churches which reports 600 congregations with about 78,000 members, but most of the other groups are very small and vary widely in theology and governmental form. In some there is a high degree of local central authority over the congregations, while in others the congregations are almost completely autonomous and independent. It is estimated that approximately 3.5 to 4.5 million persons, or 5 to 6 percent of the Protestant and Orthodox population, belong to churches of these small denominational groups.

There are, in addition, many small autonomous congregations, particularly in urban communities. Many of these are "store-front" or "splinter" congregations established by an individual minister. There are no reliable figures on the number of persons related to these congregations (membership tends to be limited and transient), although a reasonable estimate would be about 750,000, or the equivalent of 1 percent of the reported Protestant and Orthodox membership in the United States.

It is readily apparent from the above that there is considerable diversity in size, polity, doctrine, cohesiveness, and organizational development in the Protestant and Orthodox denominations. It should be noted, however, that the bulk of the congregations and membership are related to the larger bodies which report with some regularity through channels provided by the National Council of Churches. These data, as well as data collected for this project, serve as the basis for our judgments and projections on financial contributions and utilization of funds.

Fund-Raising Procedures in the Denominations

Among the 210 Protestant and Orthodox groups there is a wide variety of procedures and techniques used in raising funds. Basically, however, all fund raising within the various denominations begins with the individual member in the local congregation.

It is the individual who is prevailed upon to provide from his own resources the funds for the operations and benevolences of the congregation. In practically all of the denominations, regardless of type of polity, a certain percentage of the funds that are raised by the individual are transmitted and forwarded to other levels in the organization through the treasury of the local congregation. Funds flow from the local treasury to regional and national units or to specific mission and benevolence concerns. In some instances, funds flow back to regional or local units to underwrite their work on special projects.

The process of determining the amount of funds that are to be channeled outside of the local congregation varies with the connectional ties and the polity of the denominations. Congregations with a congregational polity reserve to themselves the right to determine the utilization of all funds that are received by the congregation. (Examples of these include Assemblies of God, Church of God, and various Baptist groups.) The congregation decides how much and where funds will be sent. If it chooses to participate in an association of interests with other congregations, it may do so. If it wishes not to be so affiliated, it may also choose to do this. These types of congregations generally forward funds to regional associations of their denomination and/or to semi-autonomous mission bodies. Because of the congregational polity, there is no way in which an outside unit, either on the regional or national level, can control, direct, or demand funds.

In contrast, a few groups operate on the principle that all monies not specifically designated for operations in the local congregation are to be forwarded to a central point to be utilized in whatever way the national or regional body of the denomination may determine. In some denominations, such as the Seventh-Day Adventists, this includes the funds designated for the support of the clergy in the local churches, since they are supported out of central or denomination-wide funds.

In most denominations the procedure followed is somewhere between these two extremes. Many of the national denominations establish an "asking" or an apportionment which they communicate to the local congregations. (This is the case in the United Methodist Church, the United Church of Christ, and in others, to varying degrees.) Depending on the degree of connectionalism and the nature of the polity, the congregation is free to accept this "asking" or to respond to it to the extent that it is willing and able to do so. In some cases, sanctions can be exercised by the regional or national unit for nonpayment of the "asking" or apportionment, but in general this is not done.

The primary way, then, in which funds are channeled to activities, projects, and organizational levels beyond the local congregation is through presenting the need and requesting a response from the congregation. Most of the larger Protestant and Orthodox bodies do make an "asking" or an apportionment to their congregations for the work of the regional and national bodies, as well as for the various mission and benevolence activities they seek to undertake.

In some of the larger denominations, extensive educational and promotional materials are produced annually to assist in fund-raising activities. In addition, various denominational offices train persons who will make a personal appeal for money. Special fund-raising techniques are sometimes employed, especially to encourage bequests and monies for expansion of facilities or for religious-related institutions.

Fund Raising for Church-Related Institutions

There are a considerable number of church-related institutions that receive support from the members of the various denominations. In many cases, part of the support for these institutions – such as hospitals, colleges, homes for children and the elderly, and social welfare projects – is handled through the normal denominational channels. Usually funds are raised through apportionments, special appeals, or "separate" fundings for interested congregations.

As the needs of these organizations and institutions have grown, their direct appeals to individuals have become more frequent. Funds given in response to these direct solicitations are usually sent directly to the institution and do not flow through denominational channels. It is very difficult to ascertain how much of this type of giving is a result of the appeal of the institution as an institution and how much is a result of the religious affiliation of the institution and of the donor. Many of the recipient organizations do not maintain records on types of giving.

In several denominations offices have been established specifically to secure bequests and annuities, often for church-related institutions. These offices tend to function outside the financial auspices of the denomination and have separate boards of trustees. Many church-related institutions, especially colleges, have begun to employ their own fund raisers who work within the churches to stimulate giving.

Although church-related institutions do not record the means used to secure their gifts, it is anticipated that a good part of their funding may derive from church-sponsored fund-raising activities.

Attitudes Toward Giving

In the Christian faith the biblical standard for giving has been the tithe, which, as described in the Bible, means that one tenth of an individual's income is to be returned to the Lord. It follows from this that the individual is a trustee of the possessions which God has placed in each person's care for a period of time. It is out of gratitude for this and all of God's beneficence that the individual is to give back a portion to assist in God's work. The attitude toward and the practice of this traditional standard of giving varies widely among the Protestant and Orthodox denominations.

A study conducted in 1971 of 15 major denominations in North America found that the majority of members interviewed no longer regarded the tithe as a minimum standard for giving; most thought of it as only one of many suggested ways of giving.[3] While the tithe may still be considered the norm, it is clearly not the practice of the majority of Christians in several Protestant denominations. The study found that most individuals give out of a feeling of gratitude to God and as an expression of faith.[4] The most important factors influencing the actual amount of money contributed, however, tended to relate not to doctrine but to levels of income and family needs. (The denominations surveyed included both large and small Protestant denominations: American Baptist Churches, American Lutheran Church, Christian Church (Disciples), Church of God (Anderson, Indiana), Church of the Bretheren, Cumberland Presbyterian Church, Lutheran Church of America, Lutheran Church-Missouri Synod, Mennonite Church, Reformed Church in America, Seventh-Day Adventists, United Church of Christ, United Methodist Church, United Presbyterian Church in the USA. Orthodox bodies were not included.)

The tithe is much more likely to be the norm – in thought and in practice – among the members of the smaller, more theologically conservative denominations. These churches tend to place more emphasis on doctrine, which is reflected in the figures on per capita giving. For example, the Seventh-Day Adventists and the Free Methodist Church, both of which strongly emphasize the tithe, had per-member contributions of $417 and $450, respectively, in 1972.[5] The comparable per-member figure for the aggregate of the 39 Protestant denominations was $110.

Several generalizations can be made about the level of contributions among denominations.[6] In general, per-member giving is higher in the denominations with smaller memberships, such as the Brethren in Christ Church and The Missionary Church. This is a pattern one would expect, since it becomes increasingly difficult to maintain a high average of giving as membership increases. Second, the more theologically conservative denominations, such as the Free Methodist and Seventh-Day Adventist churches, tend to place more emphasis on the concept of the tithe and therefore have a higher per-member level of giving.

Survey Methodology

The diversity of the Protestant and Orthodox communions suggested that a data collection process that included the national, regional, and local levels of denominations would provide the best mix of information. A list of more than 200 denominations was developed from the *Yearbook of American and Canadian Churches, 1973.* Each of these denominations was invited to participate in the study. Twelve national denominations completed the questionnaire. These reports were then used as a guide for developing the expenditure and income patterns of the Protestant and Orthodox denominations.

The data received from many of these denominations were viewed in the light of financial information published in their own yearbooks. Such data for the Southern Baptist Convention, United Methodist Church, Lutheran Church in America, and several of the smaller denominations were examined as supporting information. While it was not possible to disaggregate the financial figures given in these reports according to the specific categories used in this study, it was possible to discern overall patterns of giving and disbursement. It is believed that the aggregate figures reported by the 12 denominations generally represent the pattern followed by all of the Protestant denominations.

A study recently completed by the Commission on Regional and Local Ecumenism provided the basic data for the survey of regional denominational offices. This study, *Foundations for Ecumenical Mission: The Ecumenical Response to Regionalization in the Church* (1974), indicated that there are major foci of denominational offices at the regional level. These are called the "natural sees" of Protestant ecclesiastical clusters. Thirteen were identified and 12 were used in this study (New York City was not used).

Ecumenical officers in each of the 12 regional cities selected were contacted for listings of denominational officials of regional bodies. These officials were then contacted by the study coordinator with an invitation to attend a meeting at which the study and its instrument would be explained. Following each meeting, letters were sent to those officials who were present, as well as those who were not, asking for assistance in completing the questionnarie. Thirty-two denominational judicatories, seven councils of churches, and six church-related agencies responded to the study on the regional level. The pattern of income and expenditures drawn from this sample was used as a guide in making the projections.

The third step was to contact local churches directly. Ten cities were selected. Interviewers contacted and secured the requisite information from churches in one or two counties within the metropolitan area of each city. Interviews in each of the cities were conducted during June, July, and August 1974.

Projections

An important aspect of the study was to develop a series of projections regarding amounts of money taken in, as well as amounts spent, particularly for nonsacramental purposes. The basic data for the projections came from local churches, which were selected through a stratified random sample procedure. The range of denominational participation was quite large. Data were secured from churches with as few as 17 members to churches with more than 5,400 members. The largest number of churches reporting were in the 200-499 member category.

The number of churches used as the projection base was relatively small, and the churches included tended to have smaller memberships. To correct for the presumed higher contribution rate in the sample – contribution rates are generally higher in smaller churches – projections were decreased by 10 percent.

Orthodox communions did not participate at the local church level (although several were contacted). Black denominations are included and are a part of the composite used in the projections.

The data are differentiated according to church membership size, which roughly corresponds to budget size. The projections were made on the basis of average budget and expenditures in each size category, according to the patterns shown in the questionnaire responses. Projections were then made on the basis of 294,722 local churches. This figure was derived from the total 329,302 churches listed in the statistical section of the *Yearbook of American and Canadian Churches, 1974* (which reported 1972 information) less Catholic, Jewish, Mormon, and several other groups. The base figure of 294,722 churches was then broken down by church membership size (see Table 8). Averages for income and expenditures were computed for each of the size categories, and projections were made based on the percentages derived from the data.

The amounts sent from the local church to regional and national levels of denominations were computed from national and regional data sheets. based on this information, it was determined that average amounts sent from the local church level to other judicatory levels could be divided in the following proportion: 65 percent to the national level and 35 percent to the regional bodies. This proportion was applied throughout the study.

Bequests, foundation grants, endowments, and other income items come directly to the national or regional agency and do not involve local church fund-raising activities. Thus, the projection of income for the national and regional bodies, while based primarily on data from local churches, also includes income from other activities noted in the national and regional responses to the questionnaire.

Table 8

Method of Projections

Total number of local churches[a]	294,722
Percent of churches by membership size[b]	
Less than 200	80%
200 - 499	10
500 - 999	5
1,000 or more	5
Projected number of local churches by membership size:	
Less than 200	235,778
200 - 499	29,472
500 - 999	14,736
1,000 or more	14,736

a. Source: Yearbook of American and Canadian Churches, 1974. Subtracted from total are Catholic, Jewish, Mormon, and a few very small groups (34,579).

b. While these percentages are skewed lower than the church sizes of major denominations, the multiplicity of smaller denominations and small city and rural congregations suggest that overall the number of churches with more than 200 members is relatively small.

Analysis of Data

Income and Expenditures of Protestant and Orthodox Denominations

The data received from the various denominational levels served as the primary source of information on contributions for the Protestant and Orthodox communions. In addition, yearbooks of selected major denominations were examined for giving patterns. Special attention was given to data from the Southern Baptist Convention and the United Methodist Church.

Data from 178 local churches show that these churches received a total of $13.3 million in contributions in 1972. Using the procedure outlined in Table 8, this income was projected to provide a composite income for Protestant and Orthodox communions (Table 9). The detailed projections, on which Table 9 is based, are found in Table 10.

In Table 9 the projected total income is $9.38 billion after subtracting religious-institution grants. The reason for excluding this item is that most of the grants received in the local church come from national and regional levels of the denomination. Since most of the national and regional income originated in local churches, the money is circulating in the system and does not represent actual income. Additional monies are, however, generated on the national and regional levels from sources other than individual gifts through local churches.

Estimates of total expenditures were developed from data supplied by the local churches. (See Table 11.) Out of the total expenditures 15.6 percent was given for nonsacramental purposes at the local level. The dollar projection for nonsacramental expenditures, based on this percentage for 294,000 Protestant and Orthodox churches, is $1.5 billion. (Additional funds sent to regional and national levels of the denomination increase this percentage.) The $1.5 billion figure (as reflected in Tables 11 and 12) does not include all of the prorated services of ministers and priests who perfrom nonsacramental services, especially in the fields of personal, marriage, and vocational counseling.

Table 9

Projections of Income by Source for Protestant and Orthodox Communions, 1972[a]

Source	Actual Income[b] for 178 Churches	Percent of Income	Projected Income for All Communions
1. Individual gifts	$11,624,634	87.3%	$7,752,839,877
2. Individual bequests	390,573	2.9	193,033,613
3. Foundation grants	13,150	0.1	8,576,936
4. Religious-institution grants	656,689	4.9	439,075,393
5. Endowment (investment) earnings	360,261	2.7	239,015,269
6. Other	278,141	2.1	188,196,476
Total	$13,312,657	100.0%	$8,819,737,574
Less possible duplicating funds (religious-institution grants)			439,075,393
Revised total			$8,380,662,181

a. The projections in this table are computed on the basis of church size and average income. The detailed projections shown in Table 8 are added together for this table. Service fees of $301,638 in 1972 are not included either in the actual income or projections.

b. From Table 23.

National Bodies

As noted earlier, 12 national denominations responded to the request for data on receipts and expenditures. These data, which serve as a base for the projection of income figures for the national level of denominations, are presented in Table 13.

The total receipts for the 12 denominations, excluding service fees, was $392 million. (Service fees are the monies received for operating those facilities that charge for their services. These fees rise and fall depending on the church's sponsorship and emphasis. For 1972, service fees totaled $48,257,659.) The projections in Table 11 show that local churches sent $1,044,973,437 to regional and national levels of the denominations. It is projected that of this amount, $679 million, or 65 percent, went to the national level.

The proportion of receipts in each of the income categories for the 12 reporting denominations are applied to the projections for the national denominations in Table 14. Of the money sent from the local church to other bodies, 65 percent was sent to the national level.

Of particular importance in Table 13 are items 2, 3, 5, 6, and 7. These represent money generated at the national level and, in actual dollars reported by respondents, equals $37,123,603. When this generated income is projected (see Table 14), it adds $70,472,270 to the total projected receipts.

The 12 national denominations reported that approximately one fourth of their budget could be considered nonsacramental. Table 15 shows the proportion that was expended for each of the various categories of nonsacramental activities. The bulk of the nonsacramental funds (93 percent or $99,778,699 of the reported total) was channeled, on the national level, into educational activities. This includes support for denomination-related and denomination-supported colleges, universities, and schools. Social welfare projects received the next largest amount of funds, although this amounted to only $3,852,192 or slightly less than 4 percent of the

Table 10

Detailed Projections Based on Church Size and Average Income, by Source, 1972

	Church Size			
	Less than 200 Members (48)[a]	200 - 499 Members (77)	500 - 999 Members (29)	1000 or more Members (24)
Average income	$ 19,764	$ 59,995	$ 88,644	$ 215,570
Average income adjusted downward by 10 percent	$ 17,787	$ 53,995	$ 79,780	$ 194,013
Number of churches used for projection	235,778	29,472	14,736	14,736
Source of Income				
Individual gifts	$3,883,443,323	$1,371,735,632	$1,153,300,956	$2,344,359,966
Individual bequests		27,052,791	5,878,190	160,102,632
Foundation grants				8,576,926
Religious-institution grants	104,844,582	25,461,450		308,769,361
Endowment (investment) earnings	205,495,381	81,158,373	7,053,828	34,307,707
Other		85,932,394	9,405,106	2,858,976
Total	$4,193,783,286	$1,591,340,640	$1,175,638,080	$2,858,975,568

a. Figures in parentheses are number of churches in sample.

Table 11

Projections of Nonsacramental Expenditures Based on Data from 178 Local Churches, 1972

Type of Expenditure	Actual Dollars	Percent of Total Non-sacramental Expenditures	Projection[a]
Health	$ 404,133	20.8%	$ 274,437,299
Social welfare	388,581	20.0	281,388,572
Education	752,242	38.7	456,383,678
Community activities	297,098	15.3	403,584,208
Public affairs	73,111	3.8	52,983,739
Culture	25,107	1.3	43,614,422
Environment and conservation	2,265	0.1	1,310,995
Total nonsacramental expenditures	$1,942,528[b]	100.0	$1,513,622,910
Sent to regional and national bodies	960,860[c]		1,044,973,437
Total expenditures	$12,422,256		$9,591,581,014

a. Added from the weighted data in Table 12 which were computed from the sample data in Table 27.
b. Total nonsacramental expenditures are 15.6 percent of total expenditures.
c. Monies sent to regional and national bodies were 7.7 percent of total expenditures.

total. Included in this figure are monies directed to the disadvantaged, the age children's homes, homes for the retarded, emergency relief and rehabilitation. Publi affairs expenditures, which amounted to just under 2 percent of the total nor sacramental expenditures, were primarily for TV, radio and other mass medi activities.

Table 15 also shows projected expenditures. Most of the denominational suppor for colleges and universities within the Protestant and Orthodox communions represented in the $177.5 million education projection.

The national bodies, which generally are the channels for overseas expenditure spent $24.5 million or 6.7 percent of their receipts for work overseas. (As projecte this figure would be $49.9 million.) Most of the denominations did not provide breakdown of overseas expenditures according to the categories of nonsacramenta activities. Historically, much of the money has gone for education, although significan amounts have also been used for community development and agricultural training

The information in Table 15 relates only to monies handled through the nationa offices of the denomination. It does not include funds dispersed at the local an regional levels.

Regional Bodies

Denominational bodies. Many of the smaller denominations of Protestantism d not have regional organizational units, while most of the middle-sized and all of th large denominations have such units. These units have a variety of names — districts

Table 12

Detailed Projections of Nonsacramental Expenditures by Church Size, 1972

	Church Size			
	Less than 200 Members (46)[a]	200 - 499 Members (37)	500 - 999 Members (29)	1000 or More Members (24)
Average expenditure	$ 20,279	$ 50,294	$ 84,083	$ 214,079
Average expenditure, adjusted downward by 10 percent	$ 18,251	$ 45,265	$ 75,675	$ 192,671
Percent nonsacramental expenditure	14.5%	10.3%	8.9%	23.0%
Number of churches used for projection	235,778	29,472	14,736	14,736
Total expenses	$4,303,184,278	$1,334,050,080	$1,115,146,800	$2,839,199,856
Nonsacramental Expenditures				
Health	$ 63,020,134	$ 5,633,693	$ 1,389,473	$ 204,393,998
Social welfare	121,048,574	48,642,134	42,478,172	69,219,692
Education	83,610,871	41,634,369	32,057,125	299,081,313
Community activities	299,501,626	31,878,461	14,688,714	57,465,405
Public affairs	19,966,775	7,419,987	3,374,434	22,202,543
Culture	36,187,780	1,511,479	5,260,147	653,016
Environment and conservation	623,960	687,035	-	-
Total	$ 623,961,720	$ 137,407,158	$ 99,248,065	$ 653,015,967
Sent to regional and national bodies	675,599,932	85,379,205	119,320,708	164,673,502

a. Figures in parentheses are number of churches sampled.

Table 13

Financial Receipts (National Level) of 12 Protestant Denominations, 1972[a]

Source	Percent	Operations	Buildings and Capital Improvements	Special Purpose and Other Restricted	Total
Individual gifts	82.7%	$314,233,680	$3,558,920	$ 6,258,813	$324,052,413
Individual bequests	0.7	628,158		2,307,318	2,935,476
Foundation grants	0.2	467,577		261,100	728,677
Religious-institution grants	7.9	30,898,367	2,393		30,900,760
Endowment (investment) earnings	5.3	18,431,382		2,438,155	20,869,537
Federal government payments	0.0	215,000			215,000
Other	3.2	11,995,095		379,818	12,374,913
Total	100.0%	$276,869,259	$3,561,313	$11,646,204	$392,076,776
Percent	-	96.1%	0.9%	3.0%	100.0%

a. Denominations:

Christian Church (Disciples of Christ)	Presbyterian Church in the United States
Church of the Brethren	Reformed Church in America
Evangelical Congregational Church	Seventh Day Baptist General Conference
Friends General Conference	Syrian Orthodox Archdiocese of the United States and Canada
Lutheran Church-Missouri Synod	United Church of Christ
Philadelphia Yearly Meeting	United Presbyterian Church in the USA

Table excludes reported service fees of $48,257,659, most of which is a reflection of the Lutheran Church-Missouri Synod school system.

Table 14

Projections of National Denominational Income, by Source, 1972

Source	Total Receipts	Percent of receipts according to source	Projected Income Sources
Individual gifts[a]	$354,953,173	90.6%	$679,232,734
Individual bequests	2,935,476	0.7	5,247,935
Foundation grants	729,677	0.2	1,499,410
Endowment (investment) earnings	20,869,537	5.3	39,734,365
Federal government payments	215,000	0.0	
Other	17,374,913	3.2	23,990,560
Total	$392,076,776	100.0%	$749,705,004

a. Includes religious-institution grants, which is money from local churches.

Table 15

Nonsacramental Expenditures (National Level) of 12 Protestant Denominations, 1972

	Dollar Amount	Percent	Projection
Total	$419,145,207	100.0%	-
Sacramental expenditures	311,880,780	74.4	-
Nonsacramental expenditures	107,264,427	25.6	190,823,588
Nonsacramental expenditures			
Health	771,917	0.7	1,335,765
Social welfare	3,852,192	3.6	6,869,649
Education	99,778,699	93.0	177,445,937
Community activities	873,656	0.8	1,526,569
Public affairs	1,747,967	1.6	3,053,177
Culture	200,794	0.2	381,647
Environment and conservation	39,200	0.04	76,329

ions, associations, presbyteries, synods, conferences, dioceses, areas. The exact nber of these in the Protestant and Orthodox communions is not known, but re are many. For example, the United Methodist Church has 70 annual iferences, the Southern Baptist Convention has 34 state associations, the scopal Church has 95 dioceses, the Seventh-day Adventists have 61 conferences 10 larger units (called unions) in the United States and Canada.

These regional units, depending on the nature of the polity, have varying degrees autonomy from the national organization, on the one hand, and from the gregations, on the other. Most have a program and a set of administrative and evolence activities that they undertake within the boundaries of their region.

Some have separate agencies that perform nonsacramental activities. It is often this level that colleges, hospitals, homes, and social welfare activities are establish and supported. Thus, a considerable amount of nonsacramental money and effort expended by the regional agencies.

The survey sought to determine the extent to which the regions were involved nonsacramental activities. A total of 32 regional bodies returned the questionnair indicating sources of funds and patterns of expenditures. (Another part of t report provides data on agencies that are regional in nature but by the nature their funding and activity are considered church-related rather than churc sponsored.) It is more difficult to generalize from these data because of t diversity in size, purpose and funding responsibilities of these groups. However, t data collected do allow some generalizations.

As was the case with the national-level data, regional yearbooks and denomin tional statistics were reviewed to note similarities and differences with the da reported on the questionnaires. It was felt that the data supplied by the responden presented a typical pattern of receipts and expenditures. The collected dat moreover, did not seem to vary widely from the published data.

Table 16 presents the summarized data on income for the 32 regional unit There are two major income sources: individual gifts, which accounted for 5 percent of total income (excluding service fees, which amounted to $692,669), ar religious-institution gifts, which accounted for another 38 percent. (It is general true that these two types of gifts, which together represent 90 percent of t regional unit receipts, come from members of local churches in the region. In som of the regional units, gifts forwarded from local churches to the regional unit a counted as individual gifts being transferred through the local church. In oth cases, the funds received from local churches are considered religious-institutio grants. In our analysis these grants are combined as individual gifts for t denominational levels above the local church.) Corporation grants, of which the were none at the national level, accounted for 6 percent of the regional incom Endowment and other income (including reserves) were more important at t national level than at the regional level.

The projection of regional income is shown in Table 17. On the assumption th several denominations have limited regional operations, it was projected that 6 percent of the money going to national and regional levels of the denominations earmarked as national income. The data in Table 17 are, accordingly, based upon 3 percent (or $365,740,703) of the $1,044,437 sent to regional and national bodi (as shown in Table 11). When these figures are added to the denomination projections (local, national, and regional), the total income for all church levels 1972 comes to $9,490,871,246. This does not include the income of relate agencies or councils of churches, which are also regional.

The nonsacramental expenditures of denominational regional units in the Unite States are shown in Table 18. Social welfare and education account for two thir of the total nonsacramental expenses reported, while health and communit activities account for one fourth. The regional level generally provides money to variety of institutions and agencies. Many of the facilities for education and soci welfare activities are, because of historical ties, regarded as the special concerns o regional bodies. The amount spent on education reflects the proprietory concern for colleges founded by religious leaders, supported by churches, and attended b students from churches within the regional group. Also included in education ar programs for day care centers, preschool centers, leadership and continuin education activities.

Social welfare activities include support for retirement homes, youth center work with migrant laborers, self-help employment projects, family service organiza tions, child welfare agencies, centers for disturbed youth, prisoner release program and counseling services. Some of these are in agencies, while others have a les formal organizational structure.

Table 16

Financial Receipts of 32 Regional Bodies, 1972

Source	Percent	Operations	Buildings and Capital Improvements	Special Purpose and Other Restricted	Total
Individual gifts	52.2%	$202,481,196	$5,873,369	$ 6,846,462	$32,968,027
Individual bequests	0.3	53,458	130	114,935	168,523
Corporate grants	6.5	413,598	35,476	3,658,076	4,107,150
Foundation grants	0.1	14,875		17,336	32,211
Religious-institution grants	38.0	21,067,850	124,456	2,816,403	24,008,709
Endowment (investment) earnings	2.5	1,192,914	79,426	320,779	1,593,119
United Way or other Community Fund payments	0.2	81,739	40,199		121,938
Other	0.2	105,102		61,832	166,934
Total	100.0%	$ 43,177,732	$6,153,056	$13,835,823	$63,166,611
Percent	-	68.4%	9.7%	21.9%	100.0%

Table 17

Projection of Regional-Level Income by Source, Based on Data from 32 Regional Bodies, 1972

Source	Actual Data 32 Bodies	Percent	Projection[a]
Individual and religious-institution gifts	$56,976,736	90.2%	$365,740,703
Individual bequests	168,623	0.3	1,216,432
Corporate grants	4,107,150	6.5	26,356,038
Foundation grants	32,211	0.1	405,478
Endowment (investment) earnings	1,593,119	2.5	10,136,937
United Way/Community Funds	121,938	0.2	810,955
Other	166,934	0.2	810,955
Total	$63,166,611	100.0%	$405,477,498

a. Based on 35 percent of $1,044,973,437 as shown in Table 11.

Table 18

Projection of Nonsacramental Regional-Level Expenditures by Activity, Based on Data from 32 Regional Bodies, 1972

Type of Expenditure	Percent	Expenditures for 32 Regional Bodies	Projected on Basis of Data in Table 17
Total nonsacramental expenditures	12.5%	$7,559,088	$49,990,804
Health	11.8	894,483	5,898,915
Social welfare	37.4	2,827,414	18,696,561
Education	30.2	2,285,673	15,097,223
Community activities	13.0	985,945	6,498,805
Public affairs	5.6	423,378	2,799,485
Culture	1.0	76,613	499,908
Environment and conservation	0.6	45,222	299,945
Science	0.3	20,000	149,972

Hospitals, clinics, medical research, aid to the needy and sick, well-ba programs, and senior citizens health programs are the types of activities incluc under the health category of nonsacramental funds. Community activities inclu inner-city work, special projects for ethnic and dislocated persons, commun organizations, and community development. Public affairs encompasses newslette press, radio, television programs, and communication with public officials. Cultu activities comprise primarily historical preservation and ethnic cultural eve supported by the churches, and environmental and conservation activities focus establishing family camps for education and related activities.

According to the projections, regional bodies spent a total of $49.99 million on nonsacramental activities in 1972. Approximately $15.0 million was expended for education and $18.7 million for social welfare from regional level resources. An additional $6.5 million was expended on community activities. Health care projects accounted for $5.9 million and public affairs for $2.8 million. Cultural activities received nearly half a million; environment and conservation and science together received an almost equal amount.

In most cases the regional denominational body acts as a conduit of funds from the local church to the national body. For 1972, these funds were projected at $11,723,382, which accounted for 19.4 percent of the total regional expenditures. Less than 1 percent ($481,567) of the expenditures of the regional units were reported to have been sent directly overseas. Most regional agencies, in acting as conduits for money from congregations to the national body, send all monies destined for overseas use to the national level.

Regional ecumenical agencies. One important aspect of the regional level operations is the ecumenical agencies. There are hundreds of councils of churches, many of which are local volunteer entities. Approximately 250 councils have some paid staff. Nearly half (120) of these councils are statewide or include two or more counties in their activities. Such councils can legitimately be considered regional since their operations are generally supported by denominational bodies which are regional in nature.

Until very recently, most of these agencies have been only Protestant and Orthodox in composition. Now, some councils include Catholic and Jewish groups. Since these composite councils are relatively limited in number, the financial data reported in Table 19 represent primarily Protestant and Orthodox agencies. The data include information received from seven state and/or major city councils of churches.

Ecumenical agencies have a variety of funding procedures but the primary route is through denominations and local churches: Religious-institution grants, shown in Table 19 as item 5, accounted for almost two thirds of the total income of these agencies. Of the remaining sources of income, individual gifts and foundation grants are the most important, together representing 22 percent of total income. Individual bequests, corporate grants, and governmental agencies combined accounted for less than 2 percent of the 1972 income reported. Thus, after accounting for religious-institution grants, councils of churches are shown to generate 37.8 percent of their total income, excluding service fees.

Projection of income for other councils of churches (there are 120 similar to those from which data were received) is difficult given the small number of returns. Taking a conservative estimate of $120,000 as the average annual income (20 percent lower than that computed for the sample respondents), the projected total income for 120 councils would be $14,400,000, of which approximately 38 percent would be generated by the councils themselves. This generated income increases the cumulative projection for Protestant and Orthodox bodies by $5,443,200 and provides a new total income projection of $9,496,314,446.

Nonsacramental expenditures of councils are shown in Table 20. These expenses represent nearly one third of the total expenses of the seven councils reporting. The nonsacramental activities of ecumenical agencies are generally activities that cannot be handled by local churches or denominations. These programs focus on immediate issues or concerns facing communities. (The more long-term concerns of ecumenical agencies, such as Christian education training, chaplaincies of various types, and worship experiences, are sacramental in nature.) The largest amounts of money go to support communitywide activities (43 percent) and social welfare (34 percent). Education (13 percent) and public affairs (10 percent), while important, are rather minor emphases of the councils. Environment and conservation and health each account for less than 1 percent.

Table 19

Financial Receipts of Seven Councils of Churches, 1972[a]

Source	Percent	Operations	Buildings and Capital Improvements	Special Purpose and Other Restricted	Total
Individual gifts	10.9%	$107,710	$4,078	$ 4,800	$ 116,588
Individual bequests	0.3	3,000			3,000
Corporate grants	0.6	6,100		500	6,600
Foundation grants	11.3	60,463		60,350	120,813
Religious-institution grants	62.2	632,767		30,149	662,916
Endowment (investment) earnings	3.5	37,593			37,593
Federal government payments	0.8	8,250			8,250
United Way/Community Fund	6.0	63,473			63,473
Other	4.4	37,577	3,023	6,000	46,600
Total	100.0%	$956,933	$7,101	$101,799	$1,065,833
Percent		89.8%	0.7%	9.5%	100.0%

a. Excludes service fees which amounted to $290,666.

Table 20

Nonsacramental Expenditures (and Projections)
of Seven Councils of Churches, 1972

	Percent	Nonsacramental Expenditures	Projections[a]
Total	32.9%	$1,076,565	$4,737,600
Health	0.3	3,000	14,213
Social welfare	34.0	365,728	1,610,784
Education	13.1	141,531	620,626
Communitywide activities	42.8	460,391	2,027,693
Public affairs	9.6	103,915	454,810
Environment and conservation	0.2	2,000	9,475

a. Based on an aggregate projected income of $14,400,000 for 120 state and major city councils of churches. Several hundred smaller and some larger regional councils are not included in the projected data.

Social welfare includes work with migrant workers, camps for the disadvantaged, food and clothing banks, and related activities which vary from council to council. Communitywide activities are of major interest to the councils. Activities such as drug counseling, seminars on race and criminal justice, draft counseling, community development, and support for programs of local clusters of churches are in this category of expenditure.

Education includes primarily literacy and tutoring, although some councils have adult education programs. Public affairs usually involves a newsletter, which keeps churches and church members abreast of legislative matters and other activities of interest to them, and seminars to explain legislative procedures to church groups.

Environment and conservation, a relatively small part of the nonsacramental dollar for councils, is an area of more recent concern for the churches. Information and collection centers are two ways in which the councils function in this area.

The health category generally refers to clinics, health fairs, or other such events. In some situations the ecumenical agency sponsors and promotes these events in cooperation with community organizations.

Since about one third of the councils of churches' activities are nonsacramental in nature, the projection for 120 councils is that approximately $4,737,600 is used for such programs. Communitywide activities and social welfare projects would account for the bulk of the expenditures since councils of churches provide a vehicle for a common religious-oriented approach to local issues that are too extensive or controversial for a denomination or local church to attempt singly.

Regional church-related institutions. A major portion of nonsacramental expenditures at the regional level goes for the support of church-related institutions. These include hospitals, colleges, homes for the aged and unwed mothers, and social welfare activities such as neighborhood or community houses.

These church-related institutions are usually organized separately from the denomination. Much of their support from individuals or religious institutions comes from church members but is not recorded by the denominational treasuries. Since the regional denominational data used in this study come only from the denominational treasuries, the church-related institutions are recorded as additional income and expenditures.

Data were received from six church-related agencies. Included were denominational charities, homes for the aged, community groups, and Salvation Army

Table 21

Financial Receipts of Six Church-Related Institutions at the Regional Level, 1972

Source	Percent	Operations	Buildings and Capital Improvements	Special Purpose and Other Restricted	Total
Individual gifts	27.8%	$15,686,365	$ 2,703	$571,175	$16,260,243
Individual bequests	8.0	120,889	4,409,895	123,151	4,653,935
Foundation grants	1.1	336,466	328,332	5,000	669,798
Religious-institution grants	0.9	526,681	-	7,444	534,125
Endowment (investment) earnings	2.2	1,022,829	273,245	5,175	1,301,249
Service fees	36.8	17,500,207	4,020,544		21,520,751
Federal government payments	0.2	88,950			88,950
United Way/Community Fund	22.5	13,171,079		1,195	13,172,274
Other	0.5	302,444			302,444
Total	100.0%	$48,755,550	$9,034,719	$713,140	$58,503,409
Percent	-	83.4%	15.4%	1.2%	100.0%

centers. These agencies do not cover the full range of such organizations, and consequently no projections of total income or expenditures are offered. Rather, the data are used to indicate the types of church-related institutions funded by Protestant and Orthodox communions at the regional levels.

The figures on income for the six church-related institutions (Table 21) show these institutions' reliance on service fees and community funding (about 60 percent of total income). Individual gifts, through direct solicitation, amount to nearly 28 percent of the total income, while bequests account for 8 percent. After subtracting the $534,125 in religious-institution grants, the money generated in 1972 by the church-related institutions is shown to be $57,969,284, or only $5 million less than the total income reported by 32 denominational regional bodies in the same year.

Church-related institutions at the regional level rely heavily on church-influenced sources to sustain their funding. These institutions are the more secular social service arms of the denominations.

The type of work done by church-related institutions is shown in Table 22. Nearly 85 percent of their total expenditures are nonsacramental. The largest shares are for social welfare (34.7 percent), communitywide activities (31.3 percent), and environment and conservation (27.8 percent). Health and education, heavily subsidized through regular denominational channels, account for only a small portion of their expenditures.

Table 22

Nonsacramental Expenditures of six Church-Related Institutions, 1972

Type of Expenditure	Percent	Amount
Total nonsacramental	84.6%	$48,793,355
Health	3.9	1,920,600
Social welfare	34.7	16,936,680
Education	1.7	834,357
Communitywide activities	31.3	15,264,179
Public affairs	0.5	263,551
Culture	0.0	12,750
Environment and conservation	27.8	13,561,238

Local Churches

Local churches in each of 10 metropolitan areas were contacted for information on their receipts and expenditures, especially those related to nonsacramental activities. Data from 178 local churches were received and tabulated. Table 23 presents the combined income data for these churches, and Tables 24A to 24D provide income details according to church membership size.

The major source of local church funding is gifts from individuals, which account for 87.3 percent of total income (Table 23). The second largest source of funding is religious-institution grants (5 percent). (Most of these are support funds from regional and national levels of the denominations which are channeled to the local congregation to underwrite programs of the church and small mission churches or to assist in financing special projects sponsored by the congregation.) Bequests provided only 2.9 percent of the aggregate receipts of the 178 churches; endowment and investment earnings provided 2.7 percent. Most (78.6 percent) of the funds received were used for operations or current expenses of the parish.

Table 23

Financial Receipts of 178 Local Churches, 1972[a]

Source	Percent	Operations	Buildings and Capital Improvements	Special Purpose and Other Restricted	Total
Individual gifts	87.3%	$ 9,301,540	$1,122,857	$1,200,437	$11,624,834
Individual bequests	2.9	185,015	130,642	64,916	380,573
Foundation grants	0.1		13,150		13,150
Religious-institution grants	4.9	448,387	30,485	176,826	655,698
Endowment (investment) earnings	2.7	298,719	46,332	15,210	360,261
United Way/Community Fund payments	0.0	1,000			1,000
Other	2.1	222,385	17,373	37,383	277,141
Total	100.0%	$10,457,046	$1,360,839	$1,494,772	$13,312,657
Percent	-	78.6%	10.2%	11.2%	100.0%

a. Excludes service fees of $301,638.

As shown in Tables 24 A-D, all congregations, regardless of size, receive the bulk of their income from individual gifts, ranging from 82 percent in the congregations with 1,000 or more members to 98.1 percent in those with 500 to 999 members. For churches of 1,000 or more members, the next largest sums of money come from religious-institution grants (10.8 percent) and bequests (5.6 percent), while churches with fewer than 500 members rely more on endowment earnings and other fund-raising activities for the balance of their income.

Projections of income shown in Table 9 are based on the detailed data in Tables 23 and 24 A-D, which also provide the basic data for the projections used throughout the study.

Table 25 shows the percentage of local church receipts by size of gifts and by size of congregation. More than 6 out of every 10 individual gifts were under $500. Approximately one fifth of all gifts were in the range of $500 to $999, and 16 percent were $1,000 or more. The percentage of gifts under $500 generally increased with membership size. (Churches with less than 200 members, facing fixed costs, cannot be maintained without larger than average individual gifts.)

The data in Table 26 show giving patterns according to the proportion of total income accounted for by the top 10 percent and 20 percent of givers. This information reveals that on the average about half of the budget was contributed by 20 percent of the givers and approximately one third by 10 percent of the givers.

The amount and type of nonsacramental expenditures reported by local churches in the sample are shown in Table 27. For the 178 churches reporting, 15.6 percent of total expenditures were for nonsacramental activities. Monies sent to national and regional bodies accounted for an additional 7.5 percent of local church expenditures.

Of the nonsacramental funds, 38.7 percent were used for educational activities, 20.8 percent for health care projects, 20 percent for social welfare, and 15.3 percent for community activities. Only a very small amount, 5.2 percent, was spent for public affairs, culture, and environment and conservation.

Health activities include providing mental health counseling for the community, helping individuals to pay medical expenses, use of facilities for blood programs, baby health clinics, and contributing to hospitals. Social welfare includes contributing to homes for the aged, children's homes, day care centers, counseling services, lunch assistance for needy children, homes for unwed mothers, assisting the local needy with food, clothing, and housing expenses, rescue missions for alcoholics, prisoner programs, and recreation programs. In some instances, the church fully underwrites the programs, in others it allows free use of facilities, and in still other cases, it is only one of several program sponsors. Educational activities include nursery schools, kindergartens, contributions to schools and colleges, career guidance programs, and manpower trainee programs. Communitywide activities include aid to visiting nurses, meals on wheels, sponsoring various scouting programs, senior centers, community organizations, children's home care programs, job location programs for minorities, information and referral services concerning jobs and legal help, seed money for community foundations and community music centers. The degree of church involvement in these activities varys, as it does in social welfare activities.

Public affairs involves radio programming and newsletters. Cultural activities include providing meeting space for fine arts organizations and sponsoring music and drama groups. Environment and conservation activities consist chiefly of assisting in community clean-up campaigns and recycling projects.

The pattern of expenditures according to church size reveals a strong interest in community activities among the smallest churches and a noticeable increase in contributions to education as the size of the church increases. Social welfare is most mportant in churches with memberships between 200 and 999. Health care is most mportant among churches of 1,000 or more members.

Table 24A

Financial Receipts of 178 Local Churches by Size, 1972[a]
(membership under 200; 48 churches)

Source	Percent	Operations	Buildings and Capital Improvements	Special Purpose and Other Restricted	Total
Individual gifts	92.6%	$784,670	$57,701	$35,709	$878,080
Religious-institution grants	2.5	1,000	20,485	2,400	23,885
Endowment (investment) earnings	4.9	16,206	21,129	9,348	46,683
Total	100.0%	$801,876	$99,315	$47,457	$948,648
Percent		84.5%	10.5%	5.0%	100.0%

a. Excludes service fees of $9,265.

Table 24B

Financial Receipts of 178 Local Churches by Size, 1972[a]
(membership 200-499; 77 churches)

Source	Percent	Operations	Buildings and Capital Improvements	Special Purpose and Other Restricted	Total
Individual gifts	86.2%	$2,863,234	$316,576	$802,229	$3,982,039
Individual bequests	1.7	32,535	16,680	29,129	78,344
Religious-institution grants	1.6	63,100	10,000		73,100
Endowment (investment) earnings	5.1	222,959	11,616	3,379	257,954
Other	5.4	199,753	15,350	33,111	248,214
Total	100.0%	$3,381,581	$370,222	$867,848	$4,619,651
Percent		73.2%	8.0%	18.8%	100.0%

Table 24C

Financial Receipts of 178 Local Churches, by Size, 1972[a]
(membership 500-999; 29 churches)

Source	Percent	Operations	Buildings and Capital Improvements	Special Purpose and Other Restricted	Total
Individual gifts	98.1%	$2,073,661	$228,784	$219,265	$2,521,710
Individual bequests	0.5	11,028		720	11,748
Endowment (investment) earnings	0.6	13,092	1,953		15,045
United Way/Community Fund payments	0.0	1,000			1,000
Other	0.8	14,883	2,023	4,272	21,178
Total	100.0%	$2,113,664	$232,760	$224,257	$2,570,681
Percent	-	82.2%	9.1%	8.7%	100.0%

[a] Excludes service fees of $23,889.

Table 24D

Financial Receipts of 178 Local Churches by Size, 1972[a] (membership 1,000 and over; 24 churches)

Source	Percent	Operations	Buildings and Capital Improvements	Special Purpose and Other Restricted	Total
Individual gifts	82.0%	$3,579,975	$519,796	$143,234	$4,243,005
Individual bequests	5.6	141,452	113,962	35,067	290,481
Foundation grants	0.3		13,150		13,150
Religious-institution grants	10.8	384,287		174,426	558,713
Endowment earnings	1.2	46,462	11,634	2,483	60,579
Other	0.1	7,749			7,749
Total	100.0%	$4,148,925	$658,542	$355,210	$5,173,677
Percent	-	80.2%	12.7%	6.9%	100.0%

a. Excludes service fees of $126,155.

Table 25

Percentage of Total Individual Gifts to Local Churches
by Dollar Amounts and by Church Size, 1972

Membership	Under $500	$500-999	$1,000 and over
Under 200 (48 churches)	48%	19%	32%
200-499 (77 churches)	69	24	7
500-999 (29 churches)	68	20	12
1,000 and over (24 churches)	62	23	15
Average	62%	22%	16%

Table 26

Percentage of Total Financial Support of Local Churches
Provided by Top 20% and 10% of Givers, by Church Size, 1972

Membership	20% of Givers	10% of Givers
Under 200 (48 churches)	41%	29%
200-499 (77 churches)	56	33
500-999 (29 churches)	56	33
1,000 and over (24 churches)	54	35
Average	52%	32%

Only 2 percent of the total expenditures of local churches were sent directly outside of the United States. As noted earlier, most of the resources for overseas work is channeled through regional or national units.

Contributed Services for Nonsacramental Activities

The question was raised as to how necessary and important contributed services are for various nonsacramental activities. A scale of 0 to 10 was developed, with the rank of 10 indicating that contributed services were vital and essential to the continuance of the program activity. A rank of 5 meant that while the activity could be carried forward without contributed services, these services were useful; and rank of 0 indicated that contributed services were not used or necessary.

At the local church level, responses show that contributed services are very mportant. For health, social welfare, education, and communitywide activities, the average ranking for contributed services exceeded 6; one fifth or more of the respondents considered contributed services in these four activity categories essential. For public affairs, culture, and environment and conservation, the average ranking was between 5 and 6. Only science had a relatively low value, 4.

It is apparent from these data that without contributed services much of the ongoing nonsacramental work at the local church level would be curtailed, necessitating the creation of new community organizations to care for the sick needy, and neglected.

Similar data developed for the regional units showed that social welfare an communitywide activities need contributed services to function sucessfully. Each o these activities had an aggregate value of 7 or more on the scale. Health and publi affairs activities had aggregate scores of 5 and 6, respectively. Education had a valu of 7. Only five respondents indicated that contributed services were used in environ ment and conservation activities.

On the national level, few of the 12 denominations indicated any use o contributed services; most of the programs at this level are supervised and directed b professional staff.

No estimate has been made of the dollar value of contributed services fo nonsacramental activities. There is no question, however, that it is significant. Many o the programs on the local and regional levels rely heavily on contributed services, a funds are limited and provide only the necessary equipment, supplies, and cor program underwriting.

National Church-Related Institutions

The money flowing into national church-related agencies, a good share of which ha been recorded in the previous analyses, is significant. Three of these agencies ar discussed here as illustrations.

The income by source for the three agencies is shown in Table 28. Churches a institutions provide only 2.5 percent of the income of these agencies (see item 3) while service fees account for 83.7 percent.

Nonsacramental expenditures for the three church-related agencies are shown i Table 29. Most of the money received from Church World Service (NCC), Goodwil Industries, and Interreligious Foundation for Community Organization are used fo nonsacramental purposes, with social welfare (especially through Goodwill Industries being the primary target. Comparatively little money is spent for communitywid activities.

Table 29

Nonsacramental Expenditures of Three Church-Related National Agencies, 1972

Type of Expenditure	Percent	Amount
Total nonsacramental	100.0%[a]	$138,880,390
Health	21.1	29,244,850
Social welfare	45.4	63,076,024
Education	31.7	44,059,139
Communitywide activities	1.8	2,500,377

a. Total nonsacramental expenditures are 78.5% of total expenditures.

III

REPORT ON CATHOLIC AGENCIES AND PARISHES

Catholic Agencies

This report on Catholic agencies covers the following organizations: the Catholic ospital Association (CHA); the National Catholic Educational Association (NCEA); e National Conference of Catholic Charities (NCCC); and the United States Catholic onference and the National Conference of Catholic Bishops and related agencies SCC/NCCB).

Every attempt was made to standardize the data, although the information bmitted varied in terms of coverage and classification. Statistics provided by the ational Catholic Educational Association, which has a sophisticated information thering system, are highly reliable and standardized. For the other organizations vered, special questionnaires and analyses were required, and a number of arbitrary sumptions had to be made in developing the summary material.

A highly conservative estimate of the annual dollar value of health, education, and elfare activities of Catholic institutions and organizations in the United States comes roughly $5.6 billion (see Table 30). This is known to be an underestimate, since it is sed only upon information submitted by the five organizations listed above and does t include a great deal of local activity. More than half of total revenue is derived om service fees – tuition, patient fees, sales income, and other user charges. Direct urch support (mostly in the area of education) and federal government payments oncentrated in health and international activities) are the second most significant venue sources. Individual gifts and bequests, as well as volunteer and contributed rvices, are another important source of direct and indirect support. The categories of rporate giving, foundation grants, and endowment income appear to be less nificant.

The percentage of total individual gifts derived from the top 10 and 20 percent of vers is not clearly known, although prudent estimates supplied by the NCEA and the HA reveal that large gifts account for a sizeable share of the total. (See Table 31.) In e case of both the NCC and the USCC/NCCB, it is very difficult to gather such formation, since individual contributions are made indirectly. (For example, in the se of the Laetare Sunday Collection, which supports overseas assistance and gration and refugee work, there is no practical way to gather information about ther the size of the gifts or the distribution of donors by income level.

Data on gifts of property are also based on incomplete statistics. These gifts total arly $100 million, more than half of which is accounted for by federal government ntributions distributed overseas by the Catholic Relief Services (CRS). (See Table .) This is only a conservative estimate of the value of governmental support received CRS, which involves the warehousing and inland transport of CRS supplies by host untry governments and/or nongovernmental counterpart agencies. Though estimates in-kind gifts were made for the affiliated organizations of the NCCC, these also are obably on the conservative side. NCCC-affiliated organizations include the Society St. Vincent de Paul, the National Christ Child Society, and the Association of the dies of Charity; in many localities the names of these organizations are synonymous th in-kind giving and volunteer service.

The domestic activities of Catholic organizations are concentrated in the fields of ucation, health, and social welfare. The largest area of expenditures for which there accurate and relatively complete figures is education, which accounts for cash tlays of roughly $2.6 billion. (See Table 33.) The NCEA publishes statistics on both imary-secondary education and higher education; these statistics were used for some the financial estimates provided in this paper. In 1972-73, there were 10,534

Table 21

Size of Gifts from Individuals to Selected Catholic Agencies, 1972

Size of Gift	Percentage of Total Individual Receipts
Less than $500	30%
$500-$1,000	25
Over $1,000	45

Based on data from the National Catholic Education Association and the Catholic Hospital Association.

	Percent of Total Financial Support Provided by Top 20% and 10% of Givers, for Selected Catholic Agencies, 1972
Top 20% of givers	30%
Top 10% of givers	15

Based on data from the National Catholic Education Association.

Table 22

Catholic Agency Property Gifts, 1972 (in thousands of dollars)

Source	Value in Appreciated In-Kind Property	Value in Non-Appreciated In-Kind Property	Total
Individual gifts	$13.1	$22.1	$35.2
Individual bequests	2.1	0.2	2.3
Corporate gifts	0.1	0.3	0.4
Foundation grants	0.4	0.7	1.1
Federal government payments		56.6	56.6
Total	$15.7	$79.9	$95.6

Table 33

Catholic Agency Expenditures, 1972
(in millions of dollars)

Type of Expenditure	Amount
Health	$2,329.8
Social welfare	279.7
Education	2,646.0
Communitywide activities	53.9
Public affairs	9.3
Culture	0
Environment and conservation	0.1
Science	2.6
Total nonsacramental expenditures	$5,321.4
Total expenditures	$5,475.2
Expenditures transmitted outside U.S.[a]	125.5

a. These expenditures were classified as health, social welfare, education, and communitywide activities.

Catholic schools in operation – 8,761 elementary and 1,773 secondary. The vast majority (more than 90 percent) of all elementary schools were administered and financed by a single parish; but among Catholic secondary schools, private (39 percent) and diocesan (28 percent) schools were predominant. For the 1972-73 academic year, total enrollment in Catholic schools was roughly 3.8 million (of which 2.9 million were elementary school students), which represented approximately 7 percent of total U.S. enrollment, public and private. Of the 156,000 teachers on the full-time elementary and secondary teaching staff, 57 percent were lay persons, 38 percent were Sisters, and the remainder were male religious leaders.

The value of "contributed services" of Sisters, Brothers, and priests is an important revenue factor, but one that is not included in the summary. The NCEA defines the value of contributed services as the difference between lay salaries currently prevalent in a given school and the compensation actually paid to the religious and clergical staff members. A macroeconomic estimate by the NCEA of the cost of operating primary and secondary Catholic schools in the U.S. places total operating expenditures at roughly $1.6 billion. A conservative estimate of the total annual value of the Catholic primary and secondary school enterprise is $2 billion, since the value of contributed services, as defined above, is estimated at $400 million. This $2 billion figure, net of capital expenditures, does not take into account the various services provided by parents and volunteers – bake sales, raffles, bazaars, lunch-room duty, library services, transportation – which are important sources of real or in-kind revenue for many Catholic schools. It would be almost impossible to provide a valid estimate of the dollar worth of such volunteer work, but it is likely to be substantial.

Table 34 shows the sources of revenue for the various levels of Catholic elementary and secondary education.

About 1,500 of the 2,500 colleges and universities in the United States are private. These represent about one fourth of total higher education enrollment. Catholic colleges represent 18 percent of these private institutions and about 20 percent of

Table 34

Catholic Elementary and Secondary Schools,
Revenue Per Pupil by Source, 1972-73 Academic Year

Type of Revenue	Elementary	Parish/Diocesan, Secondary	Private Secondary
Tuition	$ 90	$325	$663
Fees	15	48	37
Religious subsidy	144	148	30
Income from gifts	6	7	20
Government aid	4	7	6
Other income	21	40	96
Total	$280	$575	$852

total private enrollment; thus, there are roughly 500,000 students enrolled in more than 250 traditionally Catholic institutions. The National Catholic Educational Association reports that average revenue per student in these institutions is roughly the same as that reported for all educational institutions by the U.S. Office of Education. Table 35 shows the amounts and sources of revenue for the average Catholic institution of higher education.

Table 35

Catholic Institutions of Higher Education (N = 232),
Average Revenue by Source, 1970-71 Academic Year
(in thousands of dollars)

	Amount	Percent
Tuition and fees	$2,972	71.2%
Private gifts	230	5.5
Contributed services	199	4.8
Endowment income	48	1.1
Church support	9	0.2
Federal government	97	2.3
State and local governments	18	0.4
Sponsored research	256	6.1
Sponsored programs	157	3.8
All other revenues	188	4.6
Total	$4,174	100.0%

Table 35 shows that the average Catholic institution of higher education has an annual revenue of about $4.2 million, derived mostly from tuition and fees. The category of church support is quantitatively very small, accounting for 0.2 percent of total income. If we multiply the average revenue given above by the number of institutions (extrapolating to 1972), the revenue estimate is close to $1 billion for Catholic higher education.

Next we consider the involvement of the Catholic Church and its affiliated institutions in health and hospital care. Nearly 700 member hospitals are represented by the Catholic Hospital Association; roughly $2.6 billion is spent annually, with about $2.3 billion spent directly in the area of health and most of the remainder devoted to education.

Table 36 shows the breakdown of financial receipts based upon a survey done by the Catholic Hospital Association. Of the total 683 member hospitals of the CHA, 319 responded (10 out of 20 Catholic hospitals that do not belong to CHA also responded). The data in Table 36 were derived by a simple projection of survey responses, since there was found a high correlation between survey respondents and the universe. These statistics are probably conservative. They do not include nursing homes, for which data were unavailable, and they may underestimate service fees (a few respondents did not include all patient charges in this category). Table 37 gives the functional breakdown of expenditures shown by the CHA survey. The estimated value of volunteer services of various kinds is shown in Table 38.

Table 37

Functional Distribution of CHA Expenditures, 1972

Health	$2,256,422,187
Social welfare	88,060,774
Education	202,967,659
Community activities	5,181,222
Public affairs	7,771,833
Science	2,590,611
Pastoral care	28,496,722
Total	$2,590,611,008

Table 38

Estimated Value of Contributed Services, CHA Survey, 1972

Board of trustees	$11,728,843
Professional consultants, attorneys, accountants, etc.	3,138,302
Volunteer physicians and nurses	4,003,299
Patient services	18,288,518
Coffee shop, gift shop, etc.	6,400,027
Fund raising	4,946,477
Other	1,614,685
Total	$50,120,151

The third major organization covered here is the National Conference of Catholic Charities (NCCC). The NCCC which has been in existence since 1910, is composed of member agencies, institutions, and individuals and has three major national affiliates – The Society of St. Vincent de Paul, the Ladies of Charity, and the Christ Child Society. The total financial value of charitable activities covered by a survey recently conducted by the NCCC is conservatively estimated to exceed $200 million. This figure does not include any estimate of the value of contributed services or volunteer work. The NCCC recently estimated that there are about 125,000 volunteers active in all the various activities; 4,876,000 hours of service were tallied by the Society of St. Vincent de Paul. The total number of persons served exceeded 3.5 million, not counting those served indirectly by community programs.

The NCCC has recently released the results of a survey of diocesan agencies in the charity area, based upon 126 diocesan reports out of 140 affiliated dioceses. This survey shows 19,049 paid staff and 41,032 volunteers engaged in a wide variety of services – counseling, adoptions, emergency service, foster care, programs for the elderly, family life education and marriage preparation, and various community development activities were listed most often in the survey reports. It is interesting to note that 18 percent of the paid staff were minority group members; the percentage of minority professional staff holds well in relation to the overall percentage – 16 percent of the professional staff are of minority background.

The survey shows the following sources of financing: government (25 percent), service fees (22 percent), United Fund (18 percent), Catholic Charities Appeal (9 percent), diocesan grants (9 percent), foundation and other grants (2 percent), and other income, such as special gifts and endowment income (15 percent). The NCCC notes that church funds are actually greater than the percentages shown above, since cash value has generally not been assigned to in-kind contributions such as personnel and buildings. The NCCC report stresses that their $200-million-plus estimate for Catholic activities is on the low side. The extent of this underestimate may be suggested by the following comparison. The 1973 Official Catholic Directory lists 45,110 children under care and 47,122 residents in homes for the aged; the NCCC survey covers 30,571 children and 11,251 residents.

The fourth national Catholic organization covered is the United States Catholic Conference and the National Conference of Catholic Bishops. The budgets covered include the following: NCCB activities; USCC activities; department of communications (National Catholic News Service); department of education (Confraternity of Christian Doctrine, National CYO, and coordinating activities in the fields of elementary, secondary, higher, and adult education); department of health affairs; department of international affairs (Latin America bureau, migration and refugee services); department of social development; administrative offices (the general secretary, the general counsel, and administrative and financial services).

In addition, Catholic Relief Services, the National Catholic Community Service, and certain revolving fund activities of the department of international affairs have been included for the purpose of this analysis even though they are not part of the consolidated budget document customarily utilized.

As can be seen in Table 39, total revenue allocations of $135.5 million were made by the principal national organization of the United States Catholic Church during calendar year 1972. More than 90 percent of such expenditures were made outside of the United States, as shown by the amount, $125.2 million, listed in the "international" category of Table 39. The bulk of such expenditures is accounted for by the separate budget of the Catholic Relief Services organization, which had expenditures of $112.5 million. The combined budgets of the USCC/NCCB organization account for another $11.0 million in expenditures devoted to international philanthropy.

Table 27

Nonsacramental Expenditures for 178 Local Churches by Size, 1972

Membership	Total Expenditures	Non-sacramental Expenditures[b]	Health	Social Welfare	Education	Community Activities	Public Affairs	Culture	Environment Conservation	Money Sent to Regional Bodies
Under 200 (48)[a]	$ 973,383 14.5%	$ 141,150 14.5%	$ 14,300 10.1%	$ 27,441 19.4%	$ 18,888 13.4%	$ 67,745 48.0%	$ 4,461 3.2%	$ 8,125 5.8%	$ 190 0.1%	$152,890 15.7%
200-499 (77)	3,872,674	400,204 10.3%	16,326 4.1%	141,776 35.4%	121,414 30.3%	92,911 23.2%	21,412 5.4%	4,290 1.1%	2,075 0.5%	248,440 6.4%
500-999 (29)	2,438,406	217,988 8.9%	3,049 1.4%	93,395 42.8%	70,399 32.3%	32,215 14.8%	7,488 3.4%	11,442 5.3%		259,691 10.7%
1,000 and over (24)	5,137,895	1,183,196 23.0%	370,458 31.3%	125,969 10.6%	541,542 45.8%	104,227 8.8%	39,750 3.4%	1,250 0.1%		299,839 5.8%
Total	$12,422,358	$1,942,538	$404,133	$388,581	$752,243	$297,098	$73,111	$25,107	$2,265	$960,860
Percent of nonsacramental expenditures		100.0%	20.8%	20.0%	38.7%	15.3%	3.8%	1.3%	0.1%	7.7%

a. Figures in parentheses are number of churches in sample.
b. Nonsacramental expenditures are 15.6 percent of total expenditures.

Table 28

Financial Receipts of Three Church-Related National Agencies, 1972

Source	Percent	Operations	Buildings and Capital Improvements	Special Purpose and Other Restricted	Total
Individual gifts	5.8%	$ 11,107,505			$ 11,107,505
Foundation grants	2.8	5,306,599			5,306,599
Religious institution grants	2.5	4,725,204			4,725,204
Service fees	83.7	159,932,77[illegible]			159,932,778
United Way/Community Fund payments	2.5	4,761,727			4,761,727
Other	2.7	5,001,000	$95,170	$45,406	5,141,576
Total	100.0%	$190,834,813	$95,170	$45,406	$190,975,381
Percent	-	99.9%	0.1%	0.0%	100.0%

Table 30

Catholic Agency Income by Source, 1972
(in millions of dollars)

Source	Operations	Buildings and Capital Improvements	Special Purpose and Other Restricted	Total
Individual gifts	$ 167.0	$ 36.6	$ 44.3	$ 247.9
Individual bequests	108.3	16.1	4.6	129.0
Corporate grants	0.2	13.2	1.0	14.4
Foundation grants	2.5	11.5	2.8	16.8
Religious-institution grants	633.4	45.5	0.4	679.3
Endowment (investment) earnings	23.8	10.9	1.7	36.4
Service fees (tuition, sales income, and other user charges)	3,601.5	3.8	2.6	3,607.9
Federal government payments	222.4	28.0	145.3	395.7
United Way or other Community Fund payments	38.9	1.2	0.6	40.7
Other	433.2	41.8	2.0	477.0
Total	$5,231.2	$208.6	$205.3	$5,645.1

Table 26

Financial Receipts of Catholic Hospitals, 1972

Source	Operations	Buildings and Capital Improvements	Special Purpose and Other Restricted	Total
Individual gifts	$ 12,796,65[illegible]	$ 36,551,520	$16,772,960	$ 66,111,206
Individual bequests	108,310,950	16,095,100	4,597,665	129,003,715
Corporate grants	194,262	13,184,009	1,016,379	14,394,650
Foundation grants	1,447,239	11,463,620	2,787,536	15,698,395
Religious-institution grants	393,869	225,430	382,474	1,001,773
Endowment earnings	3,408,616	10,906,309	1,696,366	16,011,291
Service fees	2,048,161,509	3,751,440	2,630,507	2,054,543,456
Federal government payments	197,701,959	28,053,313	4,712,961	230,468,233
United Way/Community Fund	1,596,795	1,212,914	169,759	2,979,468
Donated services	14,723,663	290,555	692,345	15,706,563
Other	105,243,285	12,381,610	1,391,705	119,016,600
Total	$2,493,967,005	$134,136,230	$38,832,045	$2,666,935,280

Table 39

Revenue Allocations by Function, USCC/NCCB Activities, 1972
(in millions of dollars)

Source of Revenue	Areas of Expenditures							
	Health	Social Welfare	Education	Community-wide Activities	Public Affairs	Environment and Conservation	International	Total
Laetare Sunday collection				$0.6			$ 6.8	$ 7.4
Campaign for Human Development	$0.4	$1.5	$0.8	2.3	$0.1	$0.1	0.1	5.2
Latin American collection							1.5	1.5
Diocesan quotas				1.2			1.3	2.6
Religious communities				0.1				0.1
Other contributions	0.1	0.3	0.2		0.2		0.5	1.3
Investment income		0.1	0.1				0.6	0.8
Sales of publications and religious material			0.3		1.2		0.1	1.6
Miscellaneous		0.1					0.1	0.2
Subtotal	0.5	2.0	1.4	4.2	1.5	0.1	11.0	20.8
Migration and refugee services							1.6	1.6
National Catholic Community Service		0.5					0.1	0.6
Catholic Relief Services							112.5	112.5
Total	$0.5	$2.5	$1.4	$4.3	$1.5	$0.1	$125.2	$135.5

The categories of "culture" and "science" have been omitted as not applicable.

The activities of Catholic Relief Services rely substantially on governmental fee and grants ($84.3 million) as well as private gifts-in-kind ($22.1 million). The majo governmental support comes from the United States government and takes th following forms: commodities ($55.7 million), ocean freight reimbursement ($16. million), contracts ($9.6 million), and excess property utilization ($0.8 million).

The CRS Program has been expanding since 1972. During the first nine months o the 1974 report year, it is estimated that CRS shipments of foodstuffs, clothing, an medicines totaled some 187,000 tons, valued in excess of $82 million; it is estimate that more than 10 million needy people participated in the CRS food distributio programs alone. Geographically, the CRS program is divided into five regions. For th period mentioned, $44.4 million was shipped to Region I (Near East, North Afric and South Asia); Region II (East Asia and the Pacific) received $10.0 million; Regio III (Sub-Sahara Africa) $8.9 million; Region IV (Caribbean, Central America, an Mexico) $6.7 million; and Region V (South America) $12.1 million.

Compared with the activities carried out by Catholic Relief Services and othe international relief programs, the funding levels for other national-level allocations ar small. To put it somewhat differently, the national-level organizations of the Catholi Church in the United States are the primary operating agencies for internationa philanthropic activities; the United States Catholic Conference, and the NCCB aswel have basically a coordinating function in other areas of such expenditures. As can b seen in Table 39, over 90 percent of the USCC/NCCB budget in 1972 was devoted t the international category. An additional $1.6 million in revenue allocations no covered by the consolidated budget are handled by the division of migration an refugee services.

The largest single source of revenue for the activities of the USCC/NCCB is th Laetare Sunday collection, estimated at $7.4 million for 1972, of which $6.8 million devoted to international programs mostly through Catholic Relief Services and th division of migration and refugee services. The Latin American collection of $1. million and portions of all other contributions (except for the religious communitie category) are also used for international programs.

The main program of domestic philanthropy administered centrally by the Catholi Church in the United States is the Campaign for Human Development (CHD). Ther have been three annual campaigns, totaling over $20 million, which have funded mor than 500 self-help projects "administered by and for the poor in all parts of the Unite States." During CHD's 1972 fiscal year 232 grants were made, representing a tot commitment of roughly $6 million. (Table 39 shows the total expenditures for th program to be $5.2 million.) Most CHD grants fall into the categories o communitywide activities and social welfare. The average CHD grant is about $26,60 thus most grants probably serve a catalytic function, bringing together other sources o funding, volunteer and contributed services. The following examples are illustrative o the types of CHD grants:

Grant	Location	Amount	Description
Pasqua Yangui Association	Tucson, Arizona	$ 35,000	Train Yaqui Indian men to construction skills and provide low-cost housing for Indian families.
Catholic Family Services	Hartford, Connecticut	$ 40,000	Provide professional psychiatric services for the Puerto Rico population.
Arriba Loiza	Santurce, Puerto Rico	$108,000	Multi-component self-help project to activate indigenous, self-generating programs in five poor barrios.

(continued)

Grant	Location	Amount	Description
Village Community Halls	Kodiak, Alaska	$ 30,500	Construct village community halls to be used for village council meetings and related activities, as well as for receiving mobile health teams.
Radio Station Communications project	Brawley, California	$ 70,000	A community-owned and operated profit-seeking enterprise to enable the farmworker to penetrate the broadcasting industry.
Filipino Organizing Committee	San Francisco, California	$ 10,000	An umbrella organization to unite the many church, youth, senior citizen, tenants' rights, social action groups in the south market neighborhood.
Berkeley Primary School	Waterbury, Connecticut	$ 15,000	Continue the development of a community school, located in a housing project, that involves parents in the education of their children.
Mississippi Comprehensive Health Project	Marks, Mississippi	$ 25,000	Provide a tripartite program in medicine, dentistry, and community development.
Bootheel Credit Union	Hayti, Missouri	$ 10,000	Establish a credit union controlled by the poor to provide loans and financial counseling.
The Hope Chest	Cleveland, Ohio	$ 32,400	Establish a coordinated delivery system for recycling salvageable materials by repaying donors with needed household materials.

As can be seen from the above examples, the activities of the Campaign for Human velopment are geographically diversified and encompass elements of social welfare d communitywide activities, as well as health, education, and public affairs. The mpaign for Human Development, however, is nothing more than the "tip of the berg" as far as the activities of Catholic charities in the United States as a whole are ncerned.

Catholic Parish Data

The Catholic Church in 1972 had approximately 44.8 million members located in ,028 parishes.[7] This study focuses on these parishes as religious institutions and is signed to provide data on local congregations comparable to that collected for the otestant and Jewish communities and to supplement the report prepared on Catholic encies.

It was decided that a sample of 40 to 50 parishes would provide the type of formation needed. It would not be exhaustive but would indicate the various sources income and the amounts spent by parishes for nonsacramental purposes. The mple is representative of demographically diverse areas. The 49 parishes surveyed re drawn from a total of 10 cities, 7 of which were cities in which Protestant rishes had been interviewed.

Data were collected through interviews with parish priests in each of the 10 cities mpled, using the same questionnaire developed for the other areas of the Interfaith

Research study. An effort was made to secure information from churches in suburbs, inner-city areas, blue-collar and white-collar areas; from large, small, medium-sized parishes; from parishes in stable population areas and transient are from Black congregations and Spanish-speaking congregations, as well as wh congregations that had some ethnic group representation.

Time constraints made it impossible to establish a truly scientific random samp In addition, the normal parameters used to draw such samples, like congregation si ethnicity, age-sex compositions, and other demographic factors, were not available parishes in the United States. In the absence of such indicators, a different method sampling was employed; it was presumed that the method chosen would be adequ for the purposes of the Filer Commission and provide an adequate data base projections of income and expenditures.

The data for the sample churches are used as the basis for the projections presen in the tables. Interviewers reported that the figures given generally underestimated income and nonsacramental expenditures of parishes. It appears that congregatio whether Catholic or Protestant, operate with several different budgets. Special proje and certain kinds of giving, for example, are normally carried in separate budgets, in addition, each organization in the parish has its own budget and source of suppo

Data are projected for parishes only. Religious orders are not included. projections have been downgraded by 10 percent to ensure a conservative estimate parish income and nonsacramental expenditures.

Income

The primary source of funds for Catholic parishes is individuals, who contrib nearly 9 out of every 10 dollars received. (See Table 40.) The second largest amount funds also comes from individuals, but in a slightly different form than collections gifts. This is money collected from social fund-raising events like bazaars, bingo, sales of various types. Included in this category is money withdrawn by parishes fr reserve funds or savings. Only a tiny fraction of the total income comes from diocese or archdiocese by way of grants for the operation of the parish.

Table 40

Income from 49 Catholic Parishes and Projections for 22,028 Catholic Parishes, by Source, 1972

	Actual[a]	Percent	Projection
Individual gifts	$6,066,817	87.3%	$2,455,516,164
Individual bequests	93,275	1.3	36,565,533
Religious-institution grants	30,500	0.4	11,250,933
Endowment earnings	66,267	0.9	25,314,600
United Way/Community Fund	7,500	0.1	2,812,733
Other (bazaars, bingo, reserves, etc.)	687,626	10.0	281,273,329
Total	$6,951,985	100.0%	$2,812,733,292
Less possible duplicating funds			11,250,933
Projected nonduplicating income			$2,801,482,359

a. Excludes service fees of $1,395,116 and federal government payments of $27,038. These monies are generally from tuitions or grants for schools and are not included in the calculations for this study.

The income data in Table 40 do not include service fees and government payments. uch funds amounted to $[illegible].4 million for the 49 parishes in 1972. This money was onated for and earned by the school systems which have been reported in the atholic related institutions study. (The method for projecting this income is shown in able 41.)

Table 41

Method of Projection

Average income for sample parishes	$141,877
Reduction of 10% for error	14,188
Average income used for projection	$127,689[a]

a. Does not include income for schools.

The projected income for 22,028 Catholic parishes is slightly more than $2.801 illion for 1972. An average income, excluding school monies, was computed based on ata reported by the parishes in the sample; a reduction of 10 percent was then pplied to allow for error. The result of these computations was the base figure against hich the 22,028 Catholic parishes were multiplied. The resulting gross income figure as divided according to the percentages of the sources of income shown in Table 40.

To arrive at an adjusted figure for gross income for Catholic parishes in 1972 eliminating possible duplication of reporting), the religious-institution grant rojection was subtracted from the total projected income figure. (This is money ontributed from parishes to dioceses or archdioceses and returned to parishes in the orm of grants or subsidies.) The adjusted gross income figure was $2.801 billion.

Most of the income for parishes comes from persons who give less than $500 per ear (see Table 42). Ninety percent of the contributors in the sample Catholic parishes ontributed less than $500 a year, while 2 percent gave more than $1,000 per year. his suggests a strong dependence upon a large number of individuals for direct ontributions, as well as funds raised through bazaars, bingo, and sales. Forty-five ercent of the financial support for parishes comes from the top 20 percent of the ivers; the top 10 percent of the givers contribute 24 percent of support. (See Table 2.) These figures are in contrast to those for Catholic-related institutions, which tend o depend more upon large donors (see Table 31).

Table 42

Percent of Giving by Size of Gift, 1972

Gift Size	Percent of Givers
Under $500	90.1%
$500-1,000	8.0
Over $1,000	1.9

Top 20% of givers provided 45 percent of all financial support.
Top 10% of givers provided 24 percent of all financial support.

For those parishes that rely upon bazaars and sales to produce income, a onsiderable amount of money would be contributed in the form of non-appreciated, n-kind property. No effort is made in this report to estimate the value of this type of ontribution since most of the parishes did not provide such data. It is assumed to be ignificant, however.

Nonsacramental Expenditures

Table 43 shows nonsacramental expenditures for the Catholic parishes in th sample and projections for the 22,028 Catholic parishes for 1972. Of the $2.8 billic contributed to the parishes as income, about 10 percent or $689 million was spent fo nonsacramental uses. This excludes both the education expenditures for those parish that operate schools and the monies sent to the diocese that are distributed to vario schools and charitable institutions within the diocese.

Table 43

Nonsacramental Expenditures for 49 Catholic Parishes and Projections for 22,028 Catholic Parishes, 1972

	Actual	Percent	Projection
Health	$ 31,867	4.6%	$ 14,250,242
Social welfare	327,025	47.5	147,149,233
Education[a]	84,045	12.2	37,794,119
Communitywide activities	194,365	28.2	87,360,176
Public affairs	15,016	2.2	6,815,333
Culture	32,691	4.7	14,560,029
Environment/conservation	4,230	0.6	1,858,727
Total	$689,230	100.0%	$309,707,659
To diocese	505,834	9.0[b]	253,145,996[c]

a. Excludes expenditures for parish related and diocesan schools.
b. Average contribution to diocese is 9 percent of total non-school expenditures per parish.
c. Based on 9 percent of total income reported in Table 40.

A number of the parishes support schools at the elementary and/or secondary leve According to the report from the Catholic agencies, in 1972-73 there were 1,77 Catholic secondary schools and 8,761 elementary schools, a total of 10,534 schoo operated and supported within the Catholic educational system. Parishes are th largest single source of revenue per pupil for the Catholic elementary schools, whi support for most secondary schools comes from private and diocesan sources. Th budgets and expenditures of those parishes in this survey with which elementar schools are affiliated show a significant amount of fund-raising activity and parish-lev support for the school system. In addition, most parishes provide money to th diocese for support of secondary schools. A few parishes directly support bo elementary and secondary schools.

The largest percentages of nonsacramental expenditures in the parish were for soci welfare (47.5 percent) and communitywide activities (28.2 percent). Th concentration of expenditures reflects the geographic focus of the Catholic paris which ministers to people in various ways within its territory. The data also reflect th parishes' use of its buildings as vehicles for providing missional services in th community.

It is projected that $147 million was spent on social welfare and $87 million o communitywide activities in 1972 by the 22,028 Catholic parishes. This is conservati but nevertheless represents considerable service to persons in the parishes.

Activities included in the category of social welfare are housing assistance, you programs, family and youth counseling, food banks for the needy, money for tra sients, club meetings in the church, emergency needs for housing, food, shelter, med l and clothing, referral centers for persons needing social welfare services, alcoholic eatment centers, senior citizens groups, day care services, neighborhood training enters, and meals-on-wheels for the elderly.

The activities included in the category of communitywide activities are athletic rograms, facilities and leadership for scouting groups, drug programs, civic association eetings, work with minorities (especially migrants and new residents in inner-city eas), and sponsorship of various community group meetings in the church or the hool.

These two major areas of nonsacramental programming – social welfare and ommunitywide activities – involve the use of the parishes' buildings and facilities but so entail a considerable amount of volunteer activity. Without the volunteers orking in these areas, the programs, and consequently the nonsacramental xpenditures of the parishes, would be considerably curtailed.

Educational activities, other than schools, accounted for 12.2 percent of the onsacramental expenses. (The estimate for all parishes is nearly $38 million for 972.) The educational activities usually involve remedial programs, adult education rograms, and preschool care and education. Some of the parishes provide educational ssistance for handicapped children.

The category of health is important, even though it represented less than 5 percent f the total nonsacramental expenditures. (The estimate for all parishes amounts to 14 million.) Some of the money was used for provision of nursing care at school; ther activities included alcoholic prevention and drug prevention, health education asses or seminars for senior citizens, medical assistance in clinics, and the use of arish buildings for referral services for persons in need of health services.

The category of public affairs constitutes about 2 percent of the nonsacramental xpenditures. (The estimate for all parishes is nearly $7 million.) Activities included dio programs, newsletters, and dissemination of information on social issues.

Expenditures for cultural activities, slightly less than 5 percent of total nonsacra- ental expenditures, were estimated for all parishes at $14.5 million. In some parishes uch emphasis was given to cultural involvement through dances, concerts, ethnic lture programs, photography, art displays, music lessons, and bilingual programs of rious sorts.

Environment and conservation, while accounting for less than 1 percent of the onsacramental monies, amounted to nearly $2 million in all parishes. These activities cluded lecture programs, management services for housing renovation programs, and rchase of trees and shrubbery for the community.

In addition to all of the above expenditures were monies sent to the diocese or ther institutions of the church, an estimated $253 million for all parishes in 1972.

All of these activities reflect only one part of nonsacramental expenditures at the arish level. The use of Sisters, Brothers, and priests to provide services in each of the onsacramental areas is a well-known factor in Catholic religious life. To estimate the lue of these services would be very difficult.

ontributed Services

The findings of this study show that the Catholic Church depends almost entirely pon volunteer assistance for social welfare and communitywide activities. Volunteers r recreational and group activities contribute many thousands of hours per year. In e parish alone, the time given just for leadership in sports and related activities at e gym amounted to 20,000 hours. In the areas of health, education, culture, and blic affairs both paid and volunteer workers are used. The nature of the program etermines the amount of volunteer time needed and given.

International Activities

The monies going beyond the parish are usually channeled through regional an national offices. A portion of the $253 million sent to these offices in 1972 wa destined for international activities. The report on selected Catholic agencies estimate that approximately $125 million is spent by the agencies for international activities.

The 49 parishes surveyed reported $53,211 in direct expenditures overseas. Th projection is that approximately $23.9 million in direct contributions from Catholi parishes is sent overseas.

IV

REPORT ON JEWISH AGENCIES AND SYNAGOGUES

Summary of Findings

Total combined receipts of Jewish federations and synagogues were about $2.2 billion in 1972, with individual gifts accounting for some $736 million and service fee about $786 million. (See Table 44.)

Expenditures for both sacramental and nonsacramental purposes totaled $2.2 billion, of which $2.07 billion was for nonsacramental purposes and the remainder fo sacramental purposes. (See Table 45.) The major nonsacramental expenditures wer $1.19 billion for health services, $559 million for social welfare, and $299 million fo education.

The pattern of giving by size of contribution indicates the importance of larg givers. (See Table 46.) An estimated 60 percent of total gifts were over $1,000, 8. percent were from $500 to $1,000, and 31.6 percent were under $500. The top 2 percent of individual givers provided 78 percent of all gifts and the top 10 percen provided 69 percent.

A comparison of data from synagogue and federation sources shows a shar variation in giving patterns. About 80 percent of the total gifts in the federation dat were over $1,000, compared with only 5 percent in the synagogue data. Eighty percen of the total gifts in the synagogue data were under $500, while only some 13 percen of the gifts reported in the federation data were of this size. (See Table 46.) Synagogu data show that the top 20 percent of individual givers provide 50 percent of th support and the top 10 percent provide 25 percent. Federation data show, in contras that the top 20 and 10 percent of givers provide 89 and 86 percent, respectively, o the support. (See Table 46.)

Federations and Related Agencies Activities

The estimates of the size of Jewish philanthropy in 1972 are based on informatio on the finances and programs of over 200 Jewish federations and on the reportin service of the Council of Jewish Federations and Welfare Funds (CJFWF). Th federations raise their principal funds in communities in which 95 percent of the tota Jewish population reside. The federations disburse these funds for domestic an overseas philanthropies under Jewish auspices. The data presented here ar supplemented by information on domestic and overseas organizations, which raise par of their funds through independent fund-raising efforts.

CJFWF maintains a financial reporting system which collects data on Jewis federations and local, national, and overseas agencies. Much of the data is available o a report-by-report basis. The systems of classification developed by CJFWF are relate

Table 44

Combined Jewish Federation and Synagogue Income by Source, 1972
(in millions of dollars)

Source	Operations	Buildings and Capital Improvements	Special Purpose and Other Restricted	Total
Individual gifts	$ 662.9	$42.4	$ 30.4	$ 735.7
Individual bequests	10.9	1.5	2.5	14.9
Endowment earnings	5.6	0.9	3.1	9.6
Service fees	720.9	-	64.8	785.7
Federal government payments	523.6	12.9	12.9	549.4
United Way Community Fund	24.6	-	-	24.6
Other	65.0	0.5	1.0	66.5
Total	$2,013.5	$58.2	$114.7	$2,186.4

Table 45

Area Activities Expenditures of Jewish Federation and Synagogues, 1972
(in millions of dollars)

	Expenditures		
	U.S.	Overseas	Total
Health	$1,150.5	$ 40.5	$1,191.0
Social welfare	372.0	187.4	559.4
Education	217.0	82.1	299.1
Communitywide activities	15.3	.7	16.0
Public affairs	5.0	-	5.0
Culture	2.5	2.5	5.0
Total nonsacramental expenditures	$1,762.3	$313.2	$2,075.5
Total expenditures			$2,230.5

Table 46

Individual Gifts to Jewish Federations and Synagogues, by Size of Gift, 1972

	Percentage of Total Individual Receipts		
Size of Gift	Federation Reports	Synagogue Reports	Combined
Less than $500	13.5%	80%	31.6%
$500-1,000	6.0	15	8.4
Over $1,000	80.5	5	60.0

	Percent of Total Financial Support Provided by Top 20% and 10% of Givers, 1972		
	Federation Reports	Synagogue Reports	Combined
Top 20% of Givers	89%	50%	78.4%
Top 10% of Givers	86	25	69.4

to the needs of the Jewish communal field and are more detailed than the categori utilized in this report. In a number of agencies where more than one category service was involved, distribution of amounts between categories was made on t basis of agency-by-agency analysis.

The cash-receipts basis was utilized to the maximum extent possible. In some cas it was necessary to use accrual data, but these data are not believed to affect the tot significantly. While many agencies operate on a calendar year, there are a significa number that use fiscal years other than the calendar year. For purposes simplification, agencies with fiscal years ending during 1972 were considered togeth with those for calendar year 1972.

Fund raising in the Jewish field is centered on individual gifts. The available repor do not indicate the proportion of individual gifts accounted for by closely he corporations and family foundations. For this reason, the category for individual gif includes family foundations and corporate gifts.

Although individual contributions are a major source of support, there is also substantial reliance on service payments, generally for part of the cost of services, and on governmental grants. Jewish philanthropy is the expression of a religious obligation, but sacramental activities represent only a portion of the totality of programs.

Total financial receipts from federation sources were $1.9 billion for 1972, with about $0.6 billion derived from various forms of contributions. (See Table 47.)

Table 47

Jewish Federation Income by Source, 1972
(in millions of dollars)

Source	Operations	Building and Capital Improvement	Special Purposes	Total
Individual gifts	$ 482.0	$42.4	$30.4	$ 554.9
Individual bequests	10.9	1.5	2.5	14.9
Endowment earnings	5.6	.9	3.1	9.6
Service fees	677.1	-	2.9	680.0
Federal government payments	523.6	12.9	12.9	549.4
United Way or other Community Fund payments	24.6	-	-	24.6
Other	69.1	0.5	1.0	70.6
Total	$1,792.9	$58.2	$52.8	$1,903.9

As noted above in Table 46, Jewish federations rely heavily on large gifts. Major gifts are often made in the form of appreciated property, since important tax incentives are involved. (Twenty percent of direct individual contributions are in this form.) The total value of gifts of appreciated property were reported by federation sources to be $65 million. An individual may make a gift of appreciated property either directly to the federation or indirectly through a foundation. It is estimated that if these indirect gifts are included, about 50 percent of all collections (approximately $315 million) involve gifts of appreciated property.

Expenditures of federations in 1972 were just over $1.9 billion, of which about $1.6 billion were for domestic nonsacramental programs and about $0.3 billion for overseas programs. (See Table 48.)

The major category of domestic programs is health services, which account for almost $1.2 billion, with major portions of this total provided by service fees and governmental payments. Welfare and educational programs together total over $0.4 billion, most of which comes from contributions.

Overseas programs are mainly for welfare and educational programs: Out of a total $313 million spent overseas, $230 million was for education programs and $40 million for health programs.

Volunteer services are very important to many Jewish programs (such as hospitals and welfare projects), although it is difficult to estimate the number of people involved and amount of time volunteered. Many givers also work as volunteer solicitors. Volunteers serving on boards and committees bring highly skilled services to agency programs and professional expertise that could not be purchased by the agencies.

Table 48

Jewish Federation Expenditures, 1972
(in millions of dollars)

	Expenditures
Health	$1,150.5
Social welfare	363.6
Education	65.9
Communitywide activities	15.3
Public affairs	5.0
Culture	2.5
Total nonsacramental expenditures	$1,[illegible]2.6
Total expenditures	$1,[illegible].0
Transmitted overseas	[illegible]15.2

Synagogue Activities

For a variety of historical, economic, and sociological reasons philanthropic activity in the American Jewish Community is primarily administered by independent Jewish social service agencies rather than by synagogues. The great bulk of this activity is carried on by local Jewish federations and welfare funds throughout the country, most of which are associated with a New York-based national organization, the Council of Jewish Federations and Welfare Funds, Inc. However, a significant, although considerably smaller, amount of philanthropic activity remains within the synagogue framework. Funds raised by the synagogues are devoted primarily to maintenance of the synagogue infrastructure and educational endeavors. This section deals with the financing of these educational activities and other nonsacramental functions sponsored by synagogues in the United States.

Synagogue-affiliated American Jews are associated with one of three major congregational movements: Reform, Conservative, or Orthodox. These three religious sectors comprise those American Jews who are affiliated with organized Jewish religious institutions in the United States. The synagogue agencies and their associated rabbinical organizations are affiliated with the Synagogue Council of America, whose research facility, the Institute for Jewish Policy Planning and Research, is responsible for this study on synagogue philanthropy.

In 1972, the base year of the study, the three major synagogue groups accounted for 2,473 American Jewish congregations, apportioned as follows: 679 affiliated with the Reform organization, the Union of American Hebrew Congregations (UAHC); 836 affiliated with the Conservative organization, the United Synagogue of America (United Synagogue); and 958 affiliated with two Orthodox bodies, the Union of Orthodox Jewish Congregations of America (UOJCA) and the National Council of Young Israel (NCYI). Although there are a small number of independent synagogues (especially among the Orthodox[8]) and a number of congregations associated with other movements (Hasidic, Reconstructionists, Sephardic, for example), these have been excluded from this study either because they are statistically insignificant or because data were unavailable. This report, therefore, is limited to findings from the UAHC, the United Synagogue, and the UOJCA-NCYI and their related elementary and secondary educational institutions.

Synagogues raise funds in a variety of ways. By far the most significant is embership fees, which are usually based on family size but occasionally based on a air share" arrangement related to ability to pay. Another important source of nding is tuition fees charged by the synagogue-sponsored schools and their related y schools. Other fund-raising techniques include bazaars, raffles, dinners, rental of cilities for religious and secular functions, shows, outings, awarding of religious nors, and, infrequently, direct assessments for special projects or to offset financial isis.

All giving to the synagogue and other appeals is tied to a fundamental aspect of daism known as "tzedakah," a Hebrew word usually translated as "charity." A more rrect translation would be "righteousness." Jews interpret this mitzvah (religious ligation) as both a right act and the right to act righteously – that is, charitably. The ng tradition of tzedakah and its living expression in the generous support from Jews Jewish and general welfare activity in the United States and elsewhere is testimony the profound influence of this concept among the Jewish people. The synagogue, as prime inculcator of Jewish religious values and mores, makes a significant ntribution to encouraging this approach.

mmary of Findings

The data presented in this report reveal several salient aspects of Jewish ilanthropy as it relates to synagogue activities. The most striking finding in this re- rd is that at least 80 percent of the total receipts of synagogues in 1972 were gifts $500 and under. (Only 5 percent of the gifts exceeded $1,000.) (See Table 50.) hus it can be reliably reported that the support of American synagogues is oad-based, involving vast numbers of American Jews.

The American Jewish synagogue, encompassing the three major movements, had come of $302 million in 1972. (See Table 49, also Tables 53, 56 and 58.) xpenditures for the same year amounted to some $304 million. (See Table 51, also bles 55, 57 and 59.) Thus, despite the generosity of American Jews, the synagogue tablishment was unable to keep pace with inflation and faced a deficit in 1972.

The following data show that American Jewry, through its system of nagogue-sponsored afternoon and day schools, expended $151 million to educate its outh in both Jewish and secular subjects. Education represented the great bulk of nds expended by synagogues for nonsacramental purposes.

Table 49

Synagogue and Day School Receipts, 1972

Source	Total	Percent of Total
Individual gifts	$180,922,000	59.8%
Individual bequests	*	
Endowment earnings	*	
Service fees, tuition (Synagogues)	43,713,000	14.4
Service fees, tuition (Day School)	61,916,000	20.5
Other	15,939,000	5.3
Total	$302,490,000	100.0

*Insignificant amounts.

Synagogues, especially those among the 1,515 congregations associated with t UAHC and the United Synagogue, actively participate in communitywide activities ar public affairs. This participation would be impossible, however, without the co tributed services of numerous public-spirited congregants.

Survey Methodology

There is no single organizational body in American Jewry whose responsibility it to collect regularly synagogue financial statistics. However, two of the three maj movements, the UAHC and United Synagogue, have established departments whi occasionally make financial surveys of their affiliated temples and synagogues. Th most recent nationwide study (1968) was conducted by the UAHC under the directi of Myron Schoen, director of the Commission on Synagogue Administration.[9] Th United Synagogue made an earlier (1963) nationwide study of Conservati synagogues under the direction of Jack Mittleman, director of the Department Synagogue Administration.[10] In 1968 the United Synagogue made a New Yo regional survey, their most recent collection of synagogue financial data.[11] All these sources, together with the advice and guidance of Schoen and Mittleman, we used in preparing this report.

Because there were no collected data for the base year of the study (1972), it w necessary to find some reliable measure to account for inflationary pressure betwee the base year and the data year. The best indicator seemed to be the Consumer Pri Index.[12] This scale of inflation was checked against the estimates of Schoen ar Mittleman, both of whom agreed that it accurately reflects the inflationary spiral recent years as it applies to synagogue finances. Projections to account for changes the intervening years were therefore made with considerable confidence; final figur were checked with Schoen and Mittleman, who found no significant discrepancies. second check was applied to the results of the UAHC and United Synagogue survey A number of 1972 budgets were acquired from selected temples and synagogues ar the sums of their incomes and expenditures were computed and compared with th national findings. The results showed remarkable agreement.

The collection of data on the third major synagogue movement – Orthodox proved more difficult. Neither the UOJCA nor NCYI had ever conducted a financ survey of their affiliated congregations. With the cooperation of Rabbi David Cohe national director of the UOJCA, and Rabbi Ephraim Sturm, executive vice-preside of the NCYI, a financial questionnaire was sent to the affiliated synagogues, but th response rate was too low to establish a statistically reliable base. An alternative a proach was used to enlarge the base. A list of 24 carefully chosen synagogues, repr senting the range of American Orthodox congregations in size, age, and location, r ceived a special appeal for statistical data. The results of this appeal were satisfa tory, and by adding the returns to those of the first appeal, the base was enlarged to statistically sound size.

Jewish education. The Jewish education of Jewish youth in America is primarily function of two institutions: the synagogue-related afternoon school, which mee from one to three times a week; and the day school, which includes the basic publ school curriculum in addition to Jewish studies.

These two institutions account for the overwhelming majority of youth receiving Jewish education at the primary through high school level.

Funds to support these educational endeavors come from a variety of source tuitions, synagogue membership fees, fund-raising events, and Jewish federation grant

Inasmuch as the finances of the afternoon Hebrew School are an integral part of th financial set-up of the synagogues which sponsor the schools, their budgets we incorporated into the education category of expenditures.

The Conservative and Orthodox movements encourage an extensive system of day hools whose suppurt comes from sources other than the synagogue. They are the olomon Schechter Day Schools, numbering 43 in 1972, and the Torah Umesorah sociated schools, numbering 392 in 1972. Expenditures for these two institutions ere added to the education totals for the respective movements. They were also corporated into the final totals. Except for federation grants, which were deducted ecause they were accounted for in another section of the Jewish philanthropy study, nds raised for the day schools come primarily from individuals associated with the rticular movement.

A number of schools under community sponsorship and other auspices receive deration support as well as help from communitywide fund raising. (Federation ants to these schools were accounted for elsewhere, as noted above.) Since it is npossible to allocate undifferentiated Jewish community giving to either movement, ese kinds of contributions to independent Jewish education have been excluded om the study. It should be kept in mind that the final education figures reported are nservative since there are uncounted amounts being used for education.

No attempt has been made to distinguish secular from sacramental in the lculations of income and expenditure on education. There are no reliable or widely ccepted estimates of the proportion of educational expenditures devoted to secular bjects, and conversations with knowledgeable people in the field have yielded rying estimates. Therefore, all educational expenditures have been presented under e broad nonsacramental category.

A cautious estimate is that some 40 to 50 percent of the total educational penditures of day schools represents sacramental, as distinguished from secular, ourse work.[13] One difficulty in arriving at this estimate is that of definition. For the rpose of this study, all Jewish curriculum (including study of Hebrew language and wish history, as well as more purely religious studies) have been considered cramental, and only those courses generally taught in public or private secular hools (such as mathematics, natural sciences, English, social studies) have been assified as secular. In cases where there was conflicting data, the conservative figures ere used. A financial breakdown for Jewish day school education is found in Table 2.

come: Synagogues and Day Schools

In 1972 synagogues and their affiliated educational facilities received $302,490,000 financial support for both sacramental and nonsacramental purposes. (See Table 49, so Tables 53, 56, and 58.) As far as we can determine, no support came from rporate, foundation, or religious institution grants. Also, neither federal government yments nor the United Way or other community payments were reported among nagogue receipts. Some funds were received in the form of bequests and endowment rnings, but these sums were so small as to make them insignificant for the purposes f this study.

The great bulk of giving to synagogues comes in the form of small gifts, mostly embership fees, of less than $500. (See Table 50.) Jewish congregations count their embership in terms of families, not individuals. (A synagogue with a membership of 00 families might number some 500-600 persons.) Each family pays either a embership fee calculated on the basis of family size, or a fair-share fee based on bility to pay. Average memberships of the latter type range from $100 to $350 per ear. This is increased when the parents have children enrolled in the afternoon ebrew schools. But even in the case of large families, total fees rarely exceed $500.

Synagogues rarely receive support in the form of in-kind property. What is received this category is too small to be significant, and few synagogues, if any, report such fts to their national bodies.

Table 50

Individual (Per Family) Giving to Synagogues
For All Purposes, 1972

Category	Percent of Total Receipts
Under $500	80%
$500-1,000	15
Over $1,000	5

Percent of Total Synagogue Financial Support
Provided by Top 20% and Top 10% of Givers, 1972[a]

Top 20% of givers	50%
Top 10% of givers	25

a. Based on data from United Synagogue of America.

Expenditures: Synagogues and Day Schools

Total financial expenditures for synagogues for nonsacramental as well sacramental purposes amounted to $304,349,000 in 1972.

Nonsacramental expenditures, which accounted for 52.3 percent of expenditures, were primarily devoted to the field of education, as illustrated in Tab 51. The amount listed in this category includes expenditures for afternoon Hebre schools, Jewish day schools, and adult education. (Education accounted for 49 percent of *all synagogue expenditures,* sacramental and nonsacramental. It represent 94.7 percent of all nonsacramental costs, of which some 57 percent went to afterno Hebrew schools, 41 percent to day schools, and 2 percent to adult education.)

As far as we could determine there were no expenditures by synagogues f environment and conservation and science. Some activities sponsored by synagogu involve relatively low expenditures but a large amount of contributed and volunte services. This is especially true in synagogue-supported programs related communitywide activities and public affairs.

Table 51

Nonsacramental Expenditures of Synagogues, 1972

Activity	Total	Percent of Total
Health	*	
Social welfare	$ 8,449,000	2.8%
Education	150,645,000	49.5
Communitywide activities	*	
Public affairs	*	
Culture	*	
Total nonsacramental expenditures	$159,094,000	52.3
Total expenditures	$304,349,000	100.0

*Insignificant Amounts

In the area of health, synagogues occasionally sponsor Tay-Sachs (congenital disease which primarily affects Jews) testing and Red Cross blood drives are sometimes centered at synagogues. Through Golden Age clubs and other synagogue groups, the congregation aids local hospitals. These groups sometimes help the blind by producing Braille books and other aids to the lame and infirm.

Table 52

Jewish Educational Expenditures, 1972

Day Schools	
Costs outside of New York	$ 20,084,000[a]
Costs in Greater New York	45,168,000[b]
Sub-Total	$ 65,252,000
Less Federation grants	3,336,000[cd]
United States Day School Total	$ 61,916,000
Afternoon Congregational Schools	
Reform	$ 18,120,000[e]
Conservative	51,487,000[e]
Orthodox	19,550,000[f]
Total	$ 89,157,000
Jewish Educational Expenditures	
Day Schools (I. 5)	$ 61,916,000
Afternoon Congregational Schools (II. 4)	89,157,000
Total	$151,073,000
Day Schools by Movement	
Solomon Schechter (Conservative) 43 Day Schools[g]	
Torah Umesorah (Orthodox) - 392 Day Schools[h]	
Ratio 1:9	
United States Day School Total	$ 61,916,000
Solomon Schechter Proportion	6,880,000
Torah Umesorah Proportion	55,036,000

a. Hillel Hochberg, Table 5, "Trends and Developments in Jewish Education," AJYB, 1972.
b. Source: Rabbi Bernard Goldenberg, director of School Organization, Torah Umesorah.
c. Hochberg, Table 6.
d. JTA Community Report, August 2, 1974.
e. United Synagogue and UAHC basic reports.
f. Based on Orthodox data.
g. Source: Dr. Morton Siegel, director, Commission on Jewish Education, United Synagogue of America.
h. CJFWF report, Table 1, 1973.

Synagogues sponsor a great variety of youth programs. In exceptional circumstances, such as natural disasters, synagogues might promote a relief program. They also sponsor hot-meal programs for shut-ins and other elderly people who have difficulty providing for themselves.

In the area of education, synagogues sponsor an extensive system of afternoon Hebrew schools which give courses ranging from history to language and bible to modern literature, in addition to more purely sacramental studies. Associated religious movements among the Conservative and Orthodox sponsor a nationwide system of day schools which include Jewish-related subjects in addition to the usual primary and secondary school curriculum. Synagogues also sponsor various adult educational activities and courses in Jewish culture, history, and homemaking.

Synagogues often serve as a central meeting place in the community for both Jews and non-Jews. They also participate in a great variety of community organizations, with the rabbi or delegated members of the congregation often serving in a leadership role.

As part of their public affairs activities, synagogues frequently sponsor lecture series and other educational events of interest to the general community. Through the work of synagogue public affairs committees, congregations are usually involved in the various social issues of the community and the nation. These committees usually have representatives who sit on community civil rights groups, interracial councils, and other *ad hoc* groups.

Jewish history is a storehouse of three thousand years of culture. Synagogues share this rich history through a variety of educational work and other social activity. It is not uncommon for a synagogue to bring in specialists in Jewish literature, art, dance, and music to give lectures to the congregants and other interested individuals; synagogue groups often sponsor tours of local museums and historical sites. Modern Israeli culture is not overlooked: from the culinary arts to dance and music, Israel is well represented in synagogue cultural activity.

Contributed Services

Contributed services play a significant role in several aspects of synagogue life. A wide variety of events and programs are sponsored by synagogues because they can rely upon a knowledgeable and dedicated group of volunteers among their congregants. Without these contributed services a major and significant portion of the life of the synagogue would have to be curtailed. Contributed services were found to be most important in the areas of communitywide activities, public affairs, and social welfare.

International Activities

Few synagogues budgeted expenditures in 1972 for transmittal outside of the United States. Although synagogues play an important role in sensitizing their congregants to the needs of Jews throughout the world, they themselves rarely have an active financial role in aiding distressed Jews in other countries. Thus any sums used by synagogues for international activities must be considered insignificant.

Because synagogues do not sponsor overseas activities there is no need for volunteer services abroad. However, most synagogues do have Israel and Soviet Jewry Committees which are composed of volunteers. Their role is to promote and sponsor educational programs within the synagogue community. These committees, while watching and reporting on the international scene, engage primarily in domestic activities, including, for example, educational work, collection of clothing for immigrants to Israel, and support of various projects in support of Jews who are being abused in any area of distress.

Synagogue Movement Report

Reform: Union of American Hebrew Congregations (UAHC)

The findings related to Reform Jewry were derived from two primary sources: (1) "Temple Finance and Reserve Funds," Henry Fruhauf, UAHC, New York, 1968; (2) Myron Schoen, director, Commission on Synagogue Administration, UAHC.

The nationwide results were compared with a small sampling of six carefully chosen Reform Temple budgets throughout the country for the base year 1972. The comparison showed a close correspondence between the nationwide figures and the sample, indicating that the national figures were reliable and an accurate description of the financial situation of the 679 Temples associated with the UAHC in 1972. (See Tables 53, 54, and 55.)

Table 53

Union of American Hebrew Congregations,
Income by Source, 1972
(in thousands of dollars)

	Total
Individual gifts	$56,234
Service fees (tuition, sales, income, and other user charges)	5,237
Other	1,031
Total	$62,502

Table 54

Size of Gifts from Individuals,
Union of American Hebrew Congregations, 1972

Size of Gift	Percentage of Total Individual Receipts
Less than $500	80%
$500-1,000	15
Over $1,000	5

Percentage of Total Financial Support Provided
by Top 20% and 10% of Givers, 1972

Top 20% of givers	50%
Top 10% of givers	25

Table 55

Union of American Hebrew Congregations Expenditures, 1972
(in thousands of dollars)

Activity	Amount
Social welfare[a]	$ 903
Education[b]	18,120
Communitywide activities	*
Public affairs	*
Total nonsacramental expenditures	$19,023
Total expenditures	$62,502

a. More than 99 percent of the expenditure was for youth activities.
b. Nearly 97 percent of the expenditure was applied to Hebrew Afternoon and Day Schools. The remainder was for adult education.

*Insignificant amounts.

Expenditures outside the U.S. were reported to be insignificant.

Conservative: United Synagogue of America

The findings relating to the 836 synagogues affiliated with the United Synagogu were derived from two primary sources: (1) "Survey of Synagogue Finances, Department of Synagogue Administration, United Synagogue of America, New Yor 1963; (2) Jack Mittleman, director, Department of Synagogue Administration, Unite Synagogue of America.

An attempt was made to collect a sufficient number of 1972 budgets of selecte Conservative synagogues to make a comparative study, as in the case of the Refor Temples described above, but the response rate was inadequate. Nevertheless, one ca rely upon the basic findings. (See Tables 56 and 57.)

Table 56

United Synagogue of America, Income by Source, 1972
(in thousands of dollars)

Source	Day Schools	Total
Individual gifts	-	$ 78,821
Service fees	$6,880	35,285
Other	-	5,556
Total	$6,880	$119,662

Table 57

United Synagogue of America Expenditures, 1972
(in thousands of dollars)

Activity	Amount
Social welfare[a]	$ 5,735
Education[b]	58,367
Communitywide activities	*
Public affairs	*
Total nonsacramental expenditures	$ 64,102
Total expenditures	$116,473

a. Nearly 88 percent of these expenditures were for youth activities and programs. The remainder was for ONEGAI SHABBAT (social hours) and collations.
b. Ninety-eight percent of these expenditures were for Hebrew afternoon and day schools. The remainder was for adult education.

*Insignificant amounts.

Expenditures outside the U.S. were reported to be insignificant.

Orthodox: Union of Orthodox Jewish Congregations of America (UOJCA) and National Council of Young Israel (NCYI)

The findings related to American Jewish Orthodoxy, covering the 958 congregations of UOJCA and NCYI, are the results of a tabulation of responses to a survey sent to the affiliated synagogues of the two agencies. Results were checked and approved by Rabbi David Cohen, national director of UOJCA, and Rabbi Ephriam Sturm, executive vice-president of NCYI.

Since the Orthodox bodies had never conducted a financial survey of their synagogues, there was some difficulty in collecting and analyzing data. (A description of how the data were collected appears earlier in this report.) Despite difficulties, we are confident that the present report represents the most accurate data available. (See Tables 58 and 59.)

Table 58

Union of Orthodox Jewish Congregations of America
and National Council of Young Israel,
Income by Source, 1972
(in thousands of dollars)

Source	Day Schools	Total
Individual gifts	$ -	$ 45,867
Service fees	55,036	65,107
Other		9,352
Total	$55,036	$120,326

Table 59

Union of Orthodox Jewish Congregations of America
and National Council of Young Israel
Expenditures, 1972
(in thousands of dollars)

Activity	Amount
Social welfare	$ 1,811
Education	74,586
Total nonsacramental expenditures	$ 76,397
Total expenditures	$118,494

V

REPORT ON MORMAN ACTIVITIES

Note From Project Coordinator

The report of the Church of Jesus Christ of Latter Day Saints to the Interfaith Research Committee of the Commission on Private Philanthropy and Public Needs is included as part of this study for descriptive purposes only. It does not include any financial information, but only describes in general terms the philosophy, activities, and operations of the church.

Sincere and repeated efforts were made to obtain either financial information similar to that reported by other faiths or, failing that, some indication of the magnitude and allocation of funds. Each proposal was considered by the principal officials of the church and each, in turn, was rejected. The reason for rejection was a long-standing church position that information concerning internal affairs is private and not available to those outside the church.

Since it was clear that the church objected to having any of its financial information made public, no attempt was made to gather this information through other sources. In order to provide at least some descriptive information about this important source of religious receipts and expenditures in the United States, however, the following report was requested.

Organization

The Church of Jesus Christ of Latter Day Saints is so organized that its work is largely carried on by its lay members. Generally speaking all male members of responsible age may hold the priesthood which is the governing authority to administer the affairs of the church among the general membership. Women are eligible to all phases of the church's activities except those which are strictly of priesthood character.

The church at large is governed by bodies of men known as a whole as the General Authorities. The First Presidency consists of the President of the church and his two counselors. They preside over all the affairs of the church.

The Twelve Apostles, also known as the Quorum of the Twelve, are special witnesses of the Lord and have authority to regulate the affairs of the church worldwide under the direction of the First Presidency. The Patriarch to the church, Assistants to the Twelve, presently 19 in number, the First Council of Seventy, comprised of seven members, and the Presiding Bishopric comprising the Presiding Bishop with two Counselors, also serve under the direction of the First Presidency. This body constitutes the General Authorities who devote their entire time to administering the affairs of the church. Persons appointed by these authorities who serve in the Stakes or Wards of the church, and the church members who are called by the local authorities to assist them, all serve on a voluntary, part-time basis without monetary remuneration.

A substantial portion of the church-devoted time of some of these volunteer workers and substantially all such time of the others is related to nonsacramental activities as described later in this report.

The smallest territorial division of the Mormon Church is the ecclesiastical Ward, which contains an average of 500 church members, children and adults. The presiding officers of a Ward are the Bishop and his two counselors. It is designed that the population of a Ward should be small enough to enable the Bishop to know personally each member of the Ward. The next larger territorial division of the church is a Stake. Stakes vary in membership, ordinarily comprising 5 to 10 wards having a total membership of approximately 3,000 to 6,000 persons. The Stake is presided over by a Stake Presidency composed of the Stake President and two counselors. A Body of 12 High Priests, known as the Stake High Council, assist the Stake Presidency in conducting the affairs of the Stake.

Financial Support

The basic source of financial support of the church is the tithe, the principle of which is accepted by the church as a commandment of God. The offering is wholly voluntary and does not constitute a condition of membership. A person who fully observes the principle pays to the church one tenth of his wage or salary, or one tenth of the net income of his business or profession or gain from profits. These funds are used to build and maintain meetinghouses, temples and other church edifices, and for the support of educational systems, care of the sick, and any other church activities.

Another source of financial support is fast offerings. Members are asked to fast once a month from one evening to the next. Customarily, the first Sunday of each month is set apart as Fast Sunday. An amount of money equivalent in value to money saved by meals not eaten should then be paid into the hands of the Bishop for use in helping the poor.

Members are also called upon to make special contributions to assist in building and maintaining meetinghouses, temples, and procuring land and facilities and funds necessary to carry out welfare programs.

Church members also contribute substantial funds to support an extensive missionary system spread throughout the world. Missionary service is voluntary and unpaid. The missionary serves from two to three years and during that time devotes himself to dissemination of information concerning the history, doctrine, and practices of the church. The expense of maintaining these missionaries in the field is largely borne by the missionaries or their families from personal funds.

Nonsacramental Activities

General

Recent statistical data reflects a church membership of 3,321,566 making up 630 Stakes, 5,707 Wards and independent branches, and 1,847 mission branches. The work of these units is administered entirely by voluntary, unpaid members appointed to various offices of leadership and service. The average Ward or branch has approximately 200 appointed persons, excluding those engaged solely in religious instruction; each Stake has approximately 80. In varying degrees, all these persons render services relating to the health, welfare, and cultural activities of the church, in addition to the sacramental services rendered by many of them.

Of the total membership, 813,000 male members hold the priesthood, all of whom are expected to render some services of the nature stated above. Among the women of the church, an organization known as the Relief Society has a membership of 785,000, of which all of the leaders and a substantial number of the members are engaged in some form of compassionate service. Young men and women enrolled in various youth programs, including cultural and athletic events, number 383,000.

Health

The church has, until recently, provided and supported the operation of 15 hospitals with over 2,000 beds. Ownership of these facilities has recently been transferred without compensation to a nonprofit organization charged with the responsibility of operating the facilities for the benefit of the communities in which they are located. The church is now enlarging its program to provide health and medical services throughout the United States and other countries to those who are unable to provide such services for themselves.

Church Welfare Plan

It is a basic doctrine of the church that men are equal before the Lord and that all should share in the gifts of earth and heaven. Men must be willing to work industriously; the wealth of the world is produced by human labor. The church stresses cooperation as a means of banishing poverty and providing the needs of all men.

The church welfare program is an essential and integral part of the religious practices of the church. It is a plan to care for the needy and to assist them to care for themselves. The underlying principles of the plan have been stated by the church leaders as follows: "Our primary purpose was to set up, insofar as it might be possible, a system under which the curse of idleness would be done away with, the evils of a dole abolished, and independence, industry, thrift, and self-respect be once more established amongst our people."

In furtherance of these concepts, welfare projects and activities have been set up where recipients may perform useful functions for the church and members may donate their services for the benefit of the needy. These activities are administered through the church officials as part of their sacred priesthood functions.

Food and clothing are produced and distributed through Bishops' storehouses to the needy. Welfare funds are made available to provide the needs of persons not residing in areas where Bishops' storehouses are operated. In the last reported one-year period, 103,100 persons were assisted with food, clothing, shelter, and other necessities of life. Some of these persons received their entire support from this source. In the same period, 16,159 persons were placed in remunerated employment, and 154,306 man days and 4,756 unit days of equipment were donated by the members in operating the welfare projects.

Other phases of this program include job assistance, vocational training, relief of distress in the home, counseling services, and family services.

Education

The church furnishes on a low-cost basis to students the principal financial support of the Brigham Young University (main campus in Provo, Utah, with a branch campus the Hawaiian Islands) and the Ricks College (Idaho). The approximate enrollment at centers of learning are 25,000 at the Provo campus, 1,000 at the Hawaii campus, nd 5,000 at Ricks College.

The church has established and maintains a large number of primary and secondary chools in Latin America and the South Sea Islands. The aggregate enrollment in these chools exceeds 17,000. Most of these schools are in areas where school facilities are ot otherwise available.

ublic Affairs

The church is the owner of one daily newspaper and operates several T.V. and radio ations, all of which conduct some programs of public interest. These activities are onducted through commercial, taxable organizations.

ultural and Youth Activities

A major program of the church involves extensive youth and young adult activities. hysical facilities, including combination gymnasium and cultural halls, are provided or most congregations, and there are numerous outdoor recreational centers,chiefly at e Ward level. Some dance and music festivals, as well as athletic events, are onducted on a regional basis. Promoting culture is an integral part of the church rogram. One of the most widely known cultural offerings is the weekly performance f the Mormon Tabernacle Choir.

nternational Activities

The church operates in numerous foreign countries, and in each country all acramental functions are included. Nonsacramental functions are carried out to the xtent permitted by the size of the individual congregations. It is the program of the hurch to extend all of its activities into each country or area where the church is tablished.

Appendix
Interfaith Research Committee Questionnaire Form

Commission on Private Philanthropy and Public Needs
Interfaith Research Committee

Introduction

The Commission on Private Philanthropy and Public Needs was created last fall under the spices of Secretary of the Treasury George Shultz, Congressman Wilbur Mills, and John ockefeller, 3rd. The Commission is a private, nongovernmental organization whose membership is mposed of prominent individuals from a variety of fields and is chaired by John Filer, chairman Aetna Life & Casualty Company. Since it is hoped that the work of the Commission will be of eat value to Congress in its deliberations, especially on tax reform, the life of the Commission ll be relatively short, probably not lasting beyond 1974.

The mandate of the Commission is to provide the first comprehensive review of the importance private giving, private initiative and volunteer services in this country. In order to carry out this andate the Commission has undertaken numerous studies of private giving and contributed rvices. These studies will provide a data base which will be invaluable to those concerned with the importance of private philanthropic efforts in this country. The information gathered will be use by the Commission itself in formulating specific recommendations concerning charitable activitie In addition, this information will be published in a compendium to the Commission's report an will be available to interested parties for examination and for use in conducting further studies.

One very important area of study is in the field of religion. Religious organizations apparentl receive about half of all charitable contributions. While the Commission is not interested obtaining information on the sacramental activities of religious groups, it is interested in obtainin positive information on nonsacramental activities such as education, health care and social welfar For example, religious organizations annually direct a great deal of money and contributed servic into activities that are primarily concerned with education, health, social welfare, etc., yet n reliable comprehensive data is available on the extent of these activities. Also, very little generally known about the sources and nature of the financial support for religious organization This information is vital to understanding charitable activities both in the religious sphere itself an in other areas. This information also being gathered in other areas, such as education and healt and the data collected from this particular study will complement these other studies.

The Commission therefore formed the Interfaith Research Committee, composed o representatives from all major faiths, to design a study to gather the necessary information. Th result of their consultations is the attached questionnaire. As indicated previously this informatio is of vital concern to all those interested in charitable activities generally, as well as the Congress o the United States. Consequently, please supply the information after careful consideration and wit as much accuracy as possible.

Instructions

The attached questionnaire is designed to gather information concerning two basic functions o religious organizations: their support and their activities. The first part of the questionnaire relat to the sources and amounts of support while the second part relates to financial and nonfinanci information about activities undertaken.

Please assist us by completing the questionnaire giving careful consideration to your answer Use the most accurate information available and, if necessary, make reasonable estimates. If, due t the nature of your organization, you have no access whatsoever to the information requeste please so indicate and do not attempt to provide the answer. In categorizing expenditures it realized that considerable overhead costs may be involved (e.g., administrative, operation construction, capital outlays, and fund raising), which, in the case of multipurpose organization cannot be clearly allocated to any one activity. Where no such allocation is indicated please allo cate these costs in proportion to the expenditures otherwise allocated. For example, if an organi zation maintains a health clinic and a day care center and spends 70% of its direct expenditures o the health clinic, any overhead costs not directly attributable to either function (e.g., fund raisin or general administrative expenses) should be allocated 70% to Health (i.e., the clinic) and 30% t Social Welfare (i.e., the day care center).

All questions, except the last two, relate solely to calendar year 1972. The financial questio should be completed on the basis of money (on property) actually received or spent in 1972 (i.e on the cash basis of accounting). Property received or spent should be counted at its fair mark value when transferred.

Attached are guidelines which may be of assistance in categorizing nonsacramental activities o particular organizations for purposes of the questionnaire.

Name of Organization ______________________________

____

Address ______________________________

____

Name of person completing questionnaire ______________________________

Position in Organization ______________________________

Guidelines for Nonsacramental Activities

1. *Health.* The term health shall include hospitals, medical research, clinics providing medical ssistance, medical supplies and medical assistance generally.

2. *Social Welfare.* The term social welfare shall include job assistance, vocational training, relief fforts, housing assistance, old age homes, nursing homes, youth homes, youth programs generally, sychological assistance, counselling services, family services, day care, recreation, camps and enters.

3. *Education.* The term education shall include academic training at all levels from primary chool to graduate studies. Theological education shall not be treated as academic training.

4. *Community-wide Activities.* The term community-wide activities shall include activities ocusing on a particular community, such as information services for the community, inter-group ctivities, community development and community organizations.

5. *Public Affairs.* The term public affairs shall include public broadcasting, newspapers and ournalism, television and radio, communication with public representatives, civil rights efforts nd communications generally.

6. *Culture.* The term culture shall cover museums, historical preservation, drama, music, iterature and art works generally.

7. *Environment and Conservation.* The terms environment and conservation shall cover nti-pollution activities, restoration and preservation of natural areas, aesthetic preservation, lean-up campaigns, efforts directed at conserving energy resources and recycling materials.

8. *Science.* The term science shall cover scientific research and scientific experimentation.

9. *International.* The term international is a geographic category for activities and money spent broad. It includes all of the foregoing categories as well as religion per se.

Section I – Financial Receipts

1. Please indicate the total financial support (including that for sacramental purposes) you received during calendar year 1972 attributable to each of the following sources.

Source	Operations	Buildings and Capital Improvements	Special Purpose and Other Restricted	Total
. Individual gifts* (other han bequests)	$	$	$	$
. Bequests from ndividuals	$	$	$	$
. Corporate rants	$	$	$	$
. Foundation rants	$	$	$	$
. Religious nstitution grants	$	$	$	$
. Endowment (Investment Earnings)	$	$	$	$

(continued)

Source	Operations	Buildings and Capital Improvements	Special Purpose and Other Restricted	Total
g. Service fees (tuition, sales, income, and other user charges	$________	$________	$________	$________
h. Federal Government payments	$________	$________	$________	$________
i. United Way or other Community Fund payments	$________	$________	$________	$________
j. Other (Specify)	$________	$________	$________	$________
k. TOTAL FROM ALL SOURCES	$________	$________	$________	$________

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*For purposes of this questionnaire the term gifts includes gifts, grants, contributions and membership fees.

2. Using your best estimate, what percentage of the individual giving (for all purposes) in the preceding question do you believe comes from annual individual giving that does not (per person) exceed:

	Percentage of Total Individual Receipts
a. under $500	__%
b. $500 – $1,000	__%
c. over $1,000	__%

3. What percentage of your total financial support would you estimate was supplied in 1972 by the *top 20%* of individual givers (ranked by size of total giving)? (For example, did the *top 20%* supply 40%, 60%, 80%, etc. of all financial support?)

__%

a. Answer the foregoing question with regard to the *top 10%* of individual givers.

__%

4. What amount of support received in 1972 from each of the following sources was in the form of property other than money, i.e., in-kind property?

Source	Value in Appreciated in-kind Property*	Value in Non-appreciated in-kind Property	Total
Individual Gifts (other than bequests)	$________	$________	$________
Bequests from Individuals	$________	$________	$________
Corporate Gifts	$________	$________	$________
Foundation grants	$________	$________	$________
Federal Governmental payments	$________	$________	$________
Other (specify)	$________	$________	$________

*Appreciated property refers to property whose value at the date given exceeded its cost to the donor.

Section II – Expenditures and Activities

Please indicate the total financial expenditures (both for sacramental and nonsacramental rposes) by your organization during calendar year 1972.

$__________

What part of the total nonsacramental expenditures during 1972 in the United States was for ch of the categories below. (Consult the guidelines with the Instructions for assistance in terpreting these categories.)

Category	Expenditures*
(1) Health	$__________
(2) Social Welfare	$__________
(3) Education	$__________
(4) Community-wide Activities	$__________
(5) Public Affairs	$__________
(6) Culture	$__________
(7) Environment and Conservation	$__________
(8) Science	$__________

ncludes a proportionate share of overhead costs such as administration, operations, construction, pital outlays, and fund raising. See instruction sheet for more detail on making allocations.

If you feel it would be appropriate, please indicate major financial breakdowns within each of e foregoing categories. (For example, it might be indicated that 90% of the allocation for public fairs went to maintaining a newsletter or that only 2% of the allocation for public affairs went to olitical activities.) (Attach additional sheets if needed.)

ealth ____

ocial Welfare ____

ducation ____

ommunity-wide Activities ____

ublic Affairs ____

ulture ____

nvironment and Conservation ____

cience ____

Recognizing that money is only one type of support, would you please indicate the importance f contributed services to the appropriate *domestic* activities below as carried on by your rganization in 1972? Do so by ranking these contributed services from 10 to 0. (A rank of 10 eans that contributed services are vital and essential to the continuance of the activity; a rank of means the activity could still be carried out without contributed services but contributed services re very useful; a rank of 0 means that contributed services are not used.)

	10	9	8	7	6	5	4	3	2	1	0
(1) Health											
(2) Social Welfare											
(3) Education											
(4) Community-wide Activities											
(5) Public Affairs											
(6) Culture											
(7) Environment and Conservation											
(8) Science											

a. Please give major examples to illustrate the use of contributed services which are indicated i the foregoing question to have a value of 6 or higher. (Attach additional sheets if needed.)

Health ____________________

Social Welfare ____________________

Education ____________________

Community-wide Activities ____________________

Public Affairs ____________________

Culture ____________________

Environment and Conservation ____________________

Science ____________________

4. What part of the total financial expenditures were transmitted during 1972 outside the Unite States? (Consult the guidelines in the Introduction regarding International Activities).

a. Please classify the foregoing international expenditures transmitted to the following categories

Category	Expenditures
(1) Health	$______
(2) Social Welfare	$______
(3) Education	$______
(4) Community-Wide Activities	$______
(5) Public Affairs	$______
(6) Culture	$______
(7) Environment and Conservation	$______
(8) Science	$______

Recognizing that money is only one type of support, would you please indicate the importance contributed services to the appropriate *international* activities below as carried on by your ganization in 1972? Do so by ranking these contributed services from 10 to 0. (A rank of 10 eans that contributed services are vital and essential to the continuance of the activity; a rank of means the activity could still be carried out without contributed services but contributed services e very useful; a rank of 0 means that contributed services are not used.)

	10	9	8	7	6	5	4	3	2	1	0
) Health											
) Social Welfare											
) Education											
) Community-ide Activities											
) Public Affairs											
) Culture											
) Environment nd Conservation											
) Science											

Please give major examples to illustrate the use of contributed services which are indicated in e foregoing question to have a value of 6 or higher. (Attach additional sheets if needed.)

ealth ____________________

ocial Welfare ____________________

ducation ____________________

ommunity-wide Activities ____________________

ublic Affairs ____________________

ulture ____________________

nvironment and Conservation ____________________

cience ____________________

. Please furnish examples of activities carried on by your organization in each of the listed ategories which illustrate both the type of work carried out and the effects of that work. (Attach dditional sheets if needed.)

ealth ____________________

ocial Welfare ____________________

ducation ____________________

Community-wide Activities

Public Affairs

Culture

Environment and Conservation

Science

7. If you would like to add any explanation or description to clarify or expand any of t foregoing, please do so below.

Footnotes

1. "Foundations for Ecumenical Mission," Regionalization Study Team of the National Council Churches.

2. C.J. Jacquet (ed.), *Yearbook of American and Canadian Churches* (Nashville, Tenn: Abingt Press, 1974). As stated in the yearbook's "Guide for the User of Church Statistics," chur statistics are not always comparable and definitions of membership will vary from denomination denomination. For example, Jewish congregational membership is assumed to be equivalent to t total number of Jews.

3. Douglas W. Johnson and George W. Cornell, *Punctured Preconceptions*, (New York: Friendsh Press, 1972), p. 153.

4. *Ibid.*, pp. 111-147.

5. *Yearbook of American and Canadian Churches*, op. cit., pp. 244-245.

6. *Ibid.*

7. Douglas W. Johnson, Paul R. Picard, Bernard Quinn (eds.), *Churches and Church Membership the United States, 1971*, National Council of Churches, (Glenmary Research Center, Washingto D.C. 1974).

8. Rabbi David Cohen, National Director of UOJCA, estimates that there are between 300 ar 400 of these shteiblach (small synagogues usually numbering less than 50 families) in the Unit States.

9. Henry Fruhauf, *Temple Finance and Reserve Funds*, UAHC, New York, 1968.

10. Survey of Synogogue Finances, Department of Synagogue Administration, United Synagog of America, New York, November 1963.

11. *Budget and Fund Raising Survey: 1968*, New York Metropolitan Region, United Synagogue America, New York, 1968.

12. Average Consumer Price Index Increases, 1963-1973 (U.S. Department of Labor): 196 (1.2%), 1964 (1.3%), 1965 (1.7%), 1966 (2.9%), 1967 (2.9%), 1968 (4.2%), 1969 (5.4%), 197 (5.9%), 1971 (4.3%), 1972 (3.3%), 1973 (6.2%).

13. These estimates were based on information supplied by Dr. Hillel Hochberg, directo Department of Statistical Research and Information of the American Association for Jewis Education, and Rabbi Bernard Goldenberg, director of school organization, Torah Umesorah.